

# THE DEPARTMENT OF STATE



# Bulletin

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February 16, 1959

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# Ending the Cold War

*Statement by Secretary Dulles<sup>1</sup>*

It is frequently said these days that so much change is going on in the world that our foreign policy too must be changeable. I myself have often said that, and the sincerity of that belief is shown not just by words but by deeds.

## A Responsive Foreign Policy

With a new continent—Africa—opening up, we have, with your help, established the new post of Assistant Secretary of State for African Affairs.

With the peoples of less developed countries throughout the world stirred with aspirations for development, we increasingly support such international institutions as the World Bank and Monetary Fund. We increasingly supplement private United States capital through such institutions as the Export-Import Bank and the Development Loan Fund. We join with the other American Republics to organize a regional American development institution,<sup>2</sup> and we have indicated a readiness to assist such an institution for the Near East,<sup>3</sup> if that be desired by our Arab friends.

With the Arctic opening up new and quick routes of communication over the top of the world, we seek to have this area subjected to international inspection so that it will be used for peace-

ful purposes and not become a new shortcut to sudden massive destruction.<sup>4</sup>

With the Antarctic opening up as a new continent, we propose that it should be subjected to an international treaty which will prevent a competitive scramble there for strategic and material advantages.<sup>5</sup>

With the splitting of the atom opening up immense possibilities for peaceful use, we brought about the organization of the International Atomic Energy Agency, and we support through EURATOM and through bilateral arrangements the development of the peaceful applications of this vast new power throughout the length and breadth of the free world.

With outer space now opening up for man's use, we urge that that use be guided by the United Nations.<sup>6</sup>

With 21 new nations, and others at the threshold of independence, we endeavor to help them to retain genuine independence and to overcome the difficulties and dangers inherent in the early stages of independence when, according to Communist doctrine, such states are susceptible of being "amalgamated" into the Communist bloc with the total loss of their independence.

With the Soviet Union and Communist China growing rapidly in military and industrial power, and with the United Nations largely impotent to

<sup>1</sup> Made before the House Foreign Affairs Committee on Jan. 28 (press release 71).

<sup>2</sup> BULLETIN of Jan. 12, 1959, p. 48.

<sup>3</sup> *Ibid.*, Sept. 1, 1958, p. 337.

<sup>4</sup> For an exchange of letters between President Eisenhower and Premier Khrushchev and for the U.S. proposal in the United Nations for an Arctic inspection zone, see *ibid.*, May 19, 1958, pp. 811 and 816.

<sup>5</sup> *Ibid.*, June 2, 1958, p. 910.

<sup>6</sup> *Ibid.*, Dec. 15, 1958, p. 972.

prevent the violent use of that power, we have extended and strengthened the collective security arrangements which enable the free world to survive in peace and confidence.

With the growth of free-world interdependence, we encourage its practice. This year the policy of the United States to favor a Common Market in Europe, expressed in the Economic Cooperation Act of 1948, has substantially been realized. Also we seek the evolution of our collective security associations into permanent organs of regular consultation and cooperation in the field of foreign relations. Thus they are becoming constructive political institutions of a new kind and not mere military alliances.

With armament reaching proportions which in cost threaten mankind with impoverishment and which, if used, would threaten mankind with extinction, we have made new and far-reaching disarmament proposals.

In such ways and many others, we seek to make our foreign policy responsive to the needs of new conditions and to exert an influence on the new evolutions that are occurring in the field of politics, economics, and science.

There are, however, some who seem to think that we should invent new policies that, they say, should "end the cold war."

It would be easy to devise a form of words which could be agreed to between the United States and the Soviet Union and which would give many unwary people a sense of relief and a feeling that our nation need no longer make the efforts and sacrifices that are now called for. The Soviet Government has, for a long time, been trying to get that result. It is, however, my deep conviction that the "cold war" cannot be ended in any such way and that to take that step would merely make it probable that the "cold war" would end in victory for international communism.

Where lies the responsibility for the "cold war"? Surely the United States covets nothing possessed by the Soviet Union or any other people. We never had, and do not now have, any substantial differences with the Soviet Union.

The "cold war" originates in the creed of what Mr. Khrushchev refers to as the "monolithic international Communist movement" and the fact that this movement controls the policies and resources of some 900 million people and all or a

major part of what used to be 15 independent countries.

No one disputes the fact that the Communist Party is the dominant power in these countries, that it dictates who the government shall be and what it shall do. As Stalin used to say, "Not a single important political or organizational question is decided by our Soviet without guiding directions from the Party." (*The Problems of Leninism*, January 25, 1926.)

#### **Policy of International Communism**

In order, therefore, to ascertain what will be the policy of the Soviet Government and other Communist-dominated governments, it is necessary to ascertain the policy of the international Communist movement.

This policy is nothing secret. It is a policy based upon atheism and materialism and upon the belief that human beings are but animated particles of matter and need to be regulated and controlled by some single directing force, namely, the dictatorship of the proletariat, of which the Soviet Communist Party is the "general staff." International communism believes that there will not be peace or maximum productivity unless human beings are forced into a pattern of conformity—conformity of action, thinking, and belief—established by the party.

It believes that to achieve this result on a worldwide basis is so essential to peace and well-being that any means are justified to produce this end, whether those means be propaganda frauds, breaches of international agreements, violent subversion, or the threat of war itself.

Therein lies the "cold war."

The Soviet Government could end the "cold war," so far as it is concerned, if it would free itself from the guiding direction of international communism and seek primarily the welfare of the Russian nation and people. Also the "cold war" would come to an end if international communism abandoned its global goals or if, abandoning its methods of force and fraud, it relied on normal methods of persuasion. Also, of course, the "cold war" would come to an end if the free world ceased to resist and gradually succumbed to international communism.

This last is, of course, the Communist idea of how to end the "cold war."



Mr. Mikoyan, as a result of his visit here,<sup>7</sup> seems to feel that there is, on this matter, a gap between the policies of the United States Government and the views of the American people.

There is no such gap. The United States Government can sincerely express all the generalities which Mr. Mikoyan heard about desire for peace, good will, friendship, easing of tensions, increase of trade, and so forth. And let me say that these are more than polite phrases. They are the ardent aspirations of our Nation. But our Government has to deal with the concrete, not just with generalities. I am confident that in this realm of the concrete there is substantial accord between the American people and their Government.

Every specific proposal that the Soviets have made for promoting an ending of the "cold war" has been a proposal designed to diminish our will or capacity to resist international communism in the achievement of its worldwide goals.

Take the Soviet economic demands. These would require us to eliminate all control over the movement to the Soviet Union of our strategic goods. They would require us to grant vast credits to enable the Soviet Union to buy in this country what it felt would be useful for its military and industrial development. It would require us to extend most-favored-nation treatment to Soviet goods, which may be sold, for political reasons, at prices which bear no relation to costs.

And there is no suggestion that the Soviet Union might itself free its own trade from political domination. Every kopek of Soviet trade is regimented and directed by the state primarily for political and strategic purposes. Some commercial transactions are made in order to produce needed foreign exchange. But the Soviet Government has never concealed the fact that, in this matter of foreign trade, political and not commercial factors were primary. Thus it would itself maintain the tightest political direction over all its trade while we would be expected to abandon all of our controls.

Berlin and Germany provide another illustration. In 1944-45 there were agreements between the principal Western allies and the Soviet Union on the zones of occupation of Germany. Under

those agreements the United States and the United Kingdom, at the close of hostilities, relinquished to Soviet occupancy very large parts of Germany on which their armies then stood. As a part of those same agreements they and France received the right to occupy West Berlin, then a mass of rubble, and to have access thereto.

That rubble has been transformed into a dynamic exhibit of what free men can do. As such, its contrast proves irksome and unsettling to the Communist rule of surrounding areas. So the Soviet Union annuls its agreements with us and calls on us to withdraw the small Western garrison which alone assures the confident independence of the brave people of West Berlin. That, according to the Soviet Union, would be a step toward "ending the cold war."

Another step, according to the Soviet Government, would be for us to accept abandonment of the Soviet agreement that German reunification is a responsibility of the four occupying powers and that Germany shall be reunified by free elections.

This was the principal substantive result of the summit conference of Heads of Government held at Geneva in July 1955.<sup>8</sup> It was achieved only through the toughest negotiation. But finally the Soviet Government agreed that there was a "close link between the reunification of Germany and the problems of European security, and [on] the fact that the successful settlement of each of these problems would serve the interests of consolidating peace." Also the Heads of Government agreed on "recognizing their common responsibility for the settlement of the German question and the re-unification of Germany." They also agreed on "the re-unification of Germany by means of free elections."

The Soviet Union seems now to have concluded that it is not to its interest that there should be a reunification of Germany and that two Germanies should be perpetuated. Also it has decided that it wants to slough off its share of the agreed "common responsibility" for the German question and for German reunification and to abdicate in favor of its creature, the so-called German Democratic Republic.

The Soviet Union argues that if we will acquiesce in this tearing up of the summit accord

<sup>7</sup> Anastas Mikoyan, First Deputy Chairman of the Council of Ministers of the U.S.S.R., made an unofficial visit to the United States Jan. 4-20.

<sup>8</sup> BULLETIN of Aug. 1, 1955, p. 171.

and accept different arrangements more favorable to it, that would be another good step toward "ending the cold war."

And so it goes. Never yet has the Soviet Union made any proposal designed to promote ending the "cold war" except on terms that it calculated would help international communism to win the "cold war."

There is, I know, always the temptation to grasp at a form of words which might seem to end the continuing strains, the burdens, the risks to which we are now subjected. But the Soviet proposals constitute not remedies but drugs which would numb us to the real danger which will then become greater than ever.

### U.S. Efforts To End the Cold War

Let me make perfectly clear that we are fully alive to the grave hazards in the present situation. Every reasonable and decent effort must be made to avoid needless provocations, to find a *modus vivendi*, and to reduce the danger of a war which under present conditions would involve a large measure of worldwide annihilation. We have, I think, shown that we believe in such efforts.

We made the Korean armistice which ended the hostilities in Korea.

We participated in the Geneva conference of 1954 which brought to an end the hostilities in Indochina.

We have sought, and still seek in our Warsaw talks with the Chinese Communists, to assure that in the Taiwan area force should not be relied upon by either side to bring about the reunification of China. And the Government of the Republic of China last October declared principal reliance on peaceful means, and not the use of force, for restoring freedom to the people on the mainland.

We have joined with the Soviet Union in concluding the Austrian State Treaty which liberated Austria.

We have made, a year ago, an agreement for cultural and scientific exchanges with the Soviet Union.<sup>9</sup>

We have met with the Soviet Union at the summit and indicated a readiness to do so again. But the Soviet Union broke off the negotiations for such a meeting last June when it was made clear

we would feel free to talk about some subjects that they disliked.

We are negotiating in good faith for a controlled discontinuance of the testing of nuclear weapons.

We have indicated our readiness to discuss the interrelated problems of Berlin, German reunification, and European security. But so far the Soviet Union insists that we shall only talk about a change in the status of West Berlin—not East Berlin—and about a peace treaty which would be made with the two Germanies and perpetuate the partition of Germany.

The principles of our policy were first announced in 1947. That policy is based, first of all, on our hope of achieving a just peace and on firmness in opposing aggression. Ever since that time the American people and their successive governments have stood by these basic purposes steadfastly and firmly in spite of every kind of provocation.

I assure you that we are as alert and vigilant in seeking every reasonable avenue to achieving a better understanding with those who are hostile to us as we are alert and vigilant in maintaining the kind of strength that will convince them of the folly of aggression.

As President Eisenhower has repeatedly said, there is nothing that we will not do at any time at any place which holds a reasonable prospect of promoting a just peace. But it would be reckless to be intimidated, or lured, into measures which far from ending the present danger would merely increase it.

### U.S. Returns Hungarian Note

#### *Department Statement*<sup>1</sup>

The Chargé d'Affaires of the United States at Budapest today returned to the Hungarian Ministry of Foreign Affairs its note of January 27, 1959.<sup>2</sup> The Chargé d'Affaires explained that the note was unacceptable because of its offensive tone. The Chargé added that the language of the note was inconsistent with the stated desire of the Hungarian Government to eliminate the obstacles to normal relations between the two Governments

<sup>1</sup> Read to news correspondents on Jan. 31 by Francis W. Tully, Jr., press officer.

<sup>2</sup> Not printed.

<sup>9</sup> *Ibid.*, Feb. 17, 1958, p. 243.

and that such a note did not contribute to the improvement of relations. The Chargé pointed out that the United States Government, in its note of November 21,<sup>2</sup> had set forth in a responsible and temperate manner its attitude toward the fundamental problems of U.S.-Hungarian relations. He said that the U.S. Government was willing to

receive and give serious consideration to any communication from the Hungarian Government of a reasonable and responsible character and which reflected a desire to deal constructively with existing problems, but that it would not entertain proposals or enter into discussions with the Hungarian Government under threats.

## Secretary Dulles' News Conference of January 27

Press release 70 dated January 27

### *Secretary Dulles: Questions?*

*Q. Mr. Secretary, Mr. Khrushchev is quoted as saying that he sees some evidences of a possible thaw in the cold war. Do you see any prospects or developments toward a thaw?*

A. Well, I would say that Mr. Khrushchev is in a much better position to judge that than I am. He lives in the north country where the icy blasts come from, and if they are going to become balmy we are only delighted.

*Q. Mr. Secretary, you have indicated on a number of occasions that you thought that sooner or later communism would collapse of its own weight. Against that background can you assess the recent indications of progress, specifically in the Soviet Union? Do you think that they are riding more than ever for a fall, or do you think that they are making a good deal of progress in strengthening their regime?*

A. Well, I am not sure that I ever said that they were riding for a fall. I said that I was confident that there would be an evolution within the Soviet Union away from the despotism, the tyranny, which has been characteristic of the early phases of communism, and that there would develop there a broader base for political decisions, a greater degree of security for the private individual in terms of his actions, thinking, and so forth, a greater freedom of choice, and that communism would evolve toward a different type of society. I think that evolution is taking place.

<sup>2</sup> For text, see BULLETIN of Dec. 8, 1958, p. 910.

*Q. Mr. Secretary, there are reports that the West German Government is studying the various angles of possible confederation of East and West Germany. Can you tell us whether the State Department is conducting any studies along that line to see if confederation may be a way which one day would lead to free elections in a reunited Germany?*

A. I don't like to use a word like "confederation," which has political connotation. "Confederation" can mean almost anything. To a certain extent it can be said that the present Federal Republic represents a confederation. You can have a confederation of one kind or a confederation of another kind. The general question of how to get Germany reunited is a question which I guess all of us are studying and will continue to study.

### **Possibilities of Negotiating With the Soviets**

*Q. Mr. Secretary, what is the procedure now ahead on the Western side in relation to the effort to get some formal negotiations started with the Soviet Union?*

A. I suppose the next formal step would be the reply to the notes of January 10. Of course, we have already in the earlier communications, made at the end of December,<sup>1</sup> proposed a meeting which would deal with the subject of German reunification and European security, and the Soviets have countered with their proposal that we should have a meeting to deal with the question of a German peace treaty—made with the two different

<sup>1</sup> BULLETIN of Jan. 19, 1959, p. 79.

German states—and with the question of Berlin. There is the question as to whether there could be a meeting which would deal broadly with the German question, and I suppose that the possibilities of that will be considered in connection with the reply to the note of January 10. That will be the next order of business, I suppose.

*Q. Well, is it your hope, sir, that some sort of meeting at the foreign ministers' level or at some other level can be arranged this spring with the Soviet Union on all these questions—in the same "pot," so to speak?*

A. I would think that it would be timely to have such a meeting. As I say, a meeting along these lines has already been proposed by the three Western powers and has been approved by NATO.<sup>2</sup> A meeting which is closely limited in its agenda so that it can only talk about one or two of many interrelated problems would not be an acceptable form of meeting. I think we would have to be free to talk about these interconnected problems. And we were quite willing to discuss the problem of Berlin within the framework of also discussing reunification of Germany. And the approach of the Western allies to this matter is that they are willing and think it timely to have a further discussion about these problems. And the question is whether the Soviet Union will be willing to have a discussion on a broad enough base to make it worth while or whether they will try to dictate an agenda which would exclude the discussion of what seemed to us to be interrelated matters.

*Q. While Mr. Mikoyan was here, Mr. Secretary, he said that if they could not agree on an agenda there should be talks without an agenda. Would you agree to agendaless talks with the Russians?*

A. I would assume there would have to be an agenda—at least in a sense that we would know whether we were going to talk about Germany or the Far East or the Middle East or what the general subject was. But, aside from that, I don't think that there is any particular point in trying to refine an agenda.

*Q. Would a discussion of European security in general in your view include a discussion of the Rapacki plan,<sup>3</sup> for example, in your opinion, if the Soviets want that?*

<sup>2</sup> *Ibid.*, Jan. 5, 1959, p. 3.

<sup>3</sup> *Ibid.*, May 19, 1958, p. 821.

A. If they wanted to bring that up in that heading, it would be quite permissible for them to do so.

*Q. Mr. Secretary, what can you tell us about the current status of our reexamination of our relationship to the World Court? I refer, of course, to what the President said in his state-of-the-Union message.<sup>4</sup>*

A. We are closely examining that matter to see whether ways and means can be found to assure a greater use of that Court by ourselves and, through our example, by others. I am not in a position yet to indicate precisely what we will be doing along those lines. I expect to be making a talk on Saturday night [January 31] before the New York State Bar Association dealing generally with the subject of peace through law, which we regard as an extremely important aspect, an underlying aspect, of our foreign policy.

*Q. Mr. Secretary, do you know of a recommendation from the Atomic Energy Commission on modifying our policy on nuclear testing along the lines of going underground?*

A. No, I know of no such recommendation by the Atomic Energy Commission. Obviously, it has been perfectly clear, I think, from the beginning that the national policy in these matters is made by the President, after having heard the views of all the relevant agencies—the Department of State, the Department of Defense, the Atomic Energy Commission, the Killian group of scientists, and so forth. Out of that group you find a certain amount of differing points of view, as is natural and proper indeed, because each of those who look at this thing has to look at it primarily from his own standpoint. Then a national policy is made. The national policy, as it has been made by the President, is the national policy. And I know of no proposals, of a formal nature certainly, by anybody to change it.

#### **Problems in the Philippines and Korea**

*Q. Mr. Secretary, the feeling appears to have cropped up in the Philippines that the United States is taking them for granted. The United*

<sup>4</sup> *Ibid.*, Jan. 26, 1959, p. 115.



*States has seen fit to call Ambassador [Charles E.] Bohlen back home here, and they have called [Ambassador Carlos P.] Romulo back to Manila. And also Mr. [Ambassador Walter C.] Dowling is home from Korea for consultations. Could you say what your feeling is in regard to these two allies of the United States in the Far East and what is the trouble out there anyway?*

A. Well, I think it is unwise to lump together the Philippines and Korea in this respect. They are two separate, independent countries, and we have a series of problems with each of them. In the case of the Philippines we have intimate relations, many relations, and inevitably out of that from time to time differences of points of view arise. But nothing has happened in the Philippines which in my opinion alters the basic good will and friendship between our two countries.

We have asked Ambassador Bohlen to come back to discuss with us the surface frictions which have arisen in certain respects. We have no doubt that solutions will be found which will not impair in the slightest the basic relationship of our two countries which have been so close and intimate and mutually advantageous for a long period of years.

In the case of Korea we have been somewhat concerned that there have been such sharp differences with respect to the method of carrying on the democratic processes there. The Republic of Korea has been quite an unusual country in the fact that democracy, as we understand that word, has actually been practiced in a very good way on a basis of an intelligent, understanding, literate, educated people. We know that there is always the danger of Communist infiltration and the need of taking steps against that. Also there is always the danger that the steps contemplated to be taken against communism may involve powers so broad that they could lead to some stifling of the normal working of the processes of democracy and the two-party system—or the multiparty system perhaps it is. We want to follow that situation closely and, if we can, exert any friendly influence that will be welcomed or accepted to try to keep Korea in the way of a model democratic country.

*Q. Mr. Secretary, at the height of the Quemoy crisis last fall you indicated, I think, that the fire-power of the Chinese Nationalists might be in-*

*creased upon the islands and consequent upon this there might be some thinning out of their forces. Has this been carried forward in any way since that time?*

A. The thinking and planning of the Republic of China is along those lines, yes.

#### **Turbine Contract Award**

*Q. Mr. Secretary, on many occasions you have spoken of the importance of the trade liberalization of the free world. On November 18 last, for example, you said, "Even more than aid, extending trade is essential to the well-being of all countries." How, sir, does this fit with the United States policy as demonstrated by awarding a Philadelphia contractor a contract over a low bid from England for two turbines last week for the Greer's Ferry Dam in Arkansas?*

A. There is the fact that the general principles about liberalizing trade are in every country subject to certain exceptions and qualifications. That applies to the United Kingdom, and it applies to almost every country in the world. You cannot take a generality and apply it literally clear across the board. We do also have a requirement that certain types of activity which are determined to be essential to the vital security of the United States shall be kept alive and given a certain measure of protection. Now, in this case there was a finding to that effect in relation to these turbines by the Office of Civil and Defense Mobilization, which has the responsibility to do that under the law. I think that it is unfortunate that the decision to that effect was made after the bids had been called for. It would have been, of course, a much smoother operation if the decision had been made before the bids were called for, so that the bids were limited only to American companies. Sometimes the timing between different Government agencies in this respect is not perfect, and there may have been that imperfection in this respect in that case.

*Q. Mr. Secretary, on October 31, Senator Hugh Scott said he had particular assurances from the White House that this bid would go to Baldwin-Lima-Hamilton. This was 3 months, I believe, before the decision was made. Therefore influen-*

<sup>5</sup> *Ibid.*, Dec. 8, 1958, p. 897.



*tial papers in London last week suggested that, while this national security may have been a good reason, the real reason was Republican politics in Pennsylvania. Do you think that criticism was justified?*

A. No, I do not. I think that the decision about the turbines was an honest decision which can be and was justified on its merits.

*Q. Mr. Secretary, Argentine President Frondizi indicated on his recent visit that he was interested in obtaining long-term development capital in this country. Did the U.S. Government give him any encouragement on this?*

A. A good deal of encouragement had already been given before he came up here, and a very considerable amount of capital is assured for the Argentines through the World Bank and the Export-Import Bank and such institutions.<sup>9</sup> Now, President Frondizi is very largely interested, and properly so, in getting capital from private sources. As I have often, indeed always, pointed out to representatives of governments seeking long-term capital for development, the resources available in this country are primarily the resources of private capital, where there are billions and billions of dollars available as against the relatively modest sums that are made available to the Government by the Congress. To a very considerable extent President Frondizi is appealing to that vast reservoir of capital. Some of his own business people have come up here and, I think, are talking to our business people in New York. Already a number of steps have been taken to reassure and encourage private capital, and I think that there will be developments of that sort. But he did not make here in Washington any specific plea for any additional funds for any particular purpose from public moneys.

#### **Baghdad Pact Agreements**

*Q. Mr. Secretary, we have been discussing a new economic and military agreement with Turkey and Iran and Pakistan for some time since last summer. These discussions seem to have run into some difficulties and delays. Could you explain to us what the problem is and what our objectives are in these new agreements?*

<sup>9</sup>*Ibid.*, Jan. 19, 1959, p. 105.

A. The agreements are being negotiated pursuant to a declaration which I made at the London meeting of the Baghdad Pact countries last July,<sup>7</sup> I think it was. I said at that time that the United States would be prepared, pursuant to legislative authority, to assume the same type of commitments that were assumed by other members of the Baghdad Pact pursuant to the treaty. I pointed out that there are two ways in which the United States can assume international engagements. One is by treaty process; the other is by acting pursuant to legislative authority which has been granted by the Congress. I pointed out that in this case, as a result of the mutual security legislation and as a result of the Middle East resolution,<sup>8</sup> the United States had authority to assume commitments and obligations comparable to, and indeed going beyond, those which had been assumed by the members of the Baghdad Pact who were acting pursuant to the treaty.

Now we already had at that time bilateral agreements with these countries, and they are being looked over with a view to seeing whether they can appropriately be supplemented in certain respects. I think they can be. We are, however, limited by the legislative authority which permits us to act. I think that in some respects there would be a desire on the part of these countries to go beyond existing legislative authority. That we cannot do. We have been having a negotiation designed to meet their views to the maximum consistent with the legislative authority which has been granted us by the Congress, particularly by these two acts that I referred to.

*Q. Mr. Secretary, will there be an early conclusion of these discussions?*

A. I hope so and believe so. Not probably within a day or two, but I hope within the early future. The negotiations did not get well under way until fairly recently. They haven't been continuous since last July. It was some little time after last July when the negotiations started and they began to get down in black and white what we had in mind.

<sup>7</sup>*Ibid.*, Aug. 18, 1958, p. 272.

<sup>8</sup>For text, see *ibid.*, Mar. 25, 1957, p. 481.

*Q. Mr. Secretary, is the point that these three countries want to have a security commitment which protects them against aggression from countries other than Communist countries? Do they go beyond the Middle East?*

A. That is one of the points involved. You will recall that the Middle East resolution authorizes the United States to use the Armed Forces of the United States to defend a country against attack by or from a country which is controlled by international communism. And we cannot go beyond that.

#### **Withdrawal of U.S. Military Missions From Cuba**

*Q. Mr. Secretary, Cuban rebel leader Fidel Castro has criticized the presence of the United States military missions in Habana. Is there any plan to withdraw those missions?*

A. I think it is planned to withdraw them. They were there only because it was deemed at the time they went to be in the mutual interest of the two Governments, and as soon as it is apparent, as it now seems to be, that they are no longer considered to be desired by Cuba, they would almost automatically be withdrawn.

*Q. Mr. Secretary, in one of his recent columns David Lawrence reported that certain active racial-hate groups in the United States appeared to be getting some support from the United Arab Republic and Nasser. Has this come to the attention of the Department?*

A. No, it has not. If there were any evidence of that it would be evidence that would be accumulated, I assume, by the FBI or the Department of Justice, and if it involved a foreign government it would probably be brought to our attention. Nothing of that sort has been brought to our attention.

*Q. Mr. Secretary, do you assume that the particular concerns of the Chinese Communist regime—ideological or otherwise—are having an influence in current Soviet policy in Germany, in Berlin?*

A. I would doubt that, although it's very difficult to know all that goes on behind the scenes there. We know, of course, that there was the meeting between the top leaders of the Soviet Union and the Communist Chinese which shortly

preceded the action in the Taiwan Strait. And it is conceivable that there is consultation between the two now in relation to Berlin, but I don't know.

#### **German Reunification**

*Q. Mr. Secretary, at your last press conference<sup>a</sup> you said in reply to a question that free elections were not the only means by which Germany might be reunified. There was a great deal of subsequent differences of opinion as to just what you meant by this remark. In fact, the Department tended to knock it down to some degree—some of the interpretations. Looking back on it, can you tell us what you had in mind?*

A. Well, I think, to ascertain what I had in mind it's necessary to recall precisely what the question was. I had said earlier that reunification by free elections was the normal method and the agreed method and represented United States policy. Then I was asked the question, "Does that mean that no free elections, no reunification?" and I said, no, we could not take the position that we would reject reunification merely because it came about by means other than free elections. But I also said later on in answer to another question that we did not at the moment have any alternative means in mind.

Now, anybody who knows history—and the American history is a good example—knows that unifications and reunifications can come about by means other than free elections. The original unification of this country came about through legislative action of the States, not by any general elections. The reunification that occurred in '65 did not come about through free elections. And in the case of the unification of Alaska into our Union, there were general elections in Alaska but there were no general elections held in the United States on that subject.

So our own history illustrates a variety of ways by which unification and reunification can occur. And nobody can say that free elections are the only means by which there can be reunification. I would say that we would all be delighted if you would get a reunification of Germany, an effective reunification of Germany, by any means. But whether there are other means than free elec-

<sup>a</sup> *Ibid.*, Feb. 2, 1959, p. 156.

tions, I don't know. But you will recall that free elections is the agreed method. That was agreed to at the [1955] summit conference.

*Q. Well, Mr. Secretary, in the context of the known public Soviet position and the known Western position, is it a fair interpretation to say that you're willing to sit down with the Soviets and discuss all possible ways that they may suggest or we may suggest which might bring about reunification—free elections or otherwise?*

A. The essential point, the heart of the matter, is reunification. The method is less essential, as long as it is a method which achieves the result and assures that the result is obviously desired by the people. You don't want to impose anything against the people's will. But the main thing is to get reunification of Germany in freedom, as it has sometimes been put. It was agreed at the summit that the reunification should be brought about by means of free elections. And the Soviet Union agreed to that. That was a tough negotiation. I have never sat through a tougher negotiation than the secret session at which finally that was agreed to by the Soviet Union, including Mr. Khrushchev himself.

Now, if they want to suggest another method than the method they have already agreed to, it is, I think, primarily up to them to suggest the alternative and not up to us. We do not relinquish the agreement that we have merely in order to have what may be a kind of a wild goose chase looking for another method. We stand on the agreement that we have. If the Soviets have another method and say, "We don't want to have reunification by free elections, but we are willing to have it some other way," we would of course listen to any proposal that they make. But it seems to me the primary responsibility to suggest an alternative rests upon the nation which wants to get out of its present agreement, which is an agreement to do it by means of free elections.

*Q. Well, does that mean, sir, that you do not consider their apparent qualified disposition toward confederation as a new alternative?*

A. No, I do not. Quite to the contrary. Both the proposals for confederation and the proposal for a peace treaty with two Germanies are obviously designed not to bring about reunification but to perpetuate the partition, the division, of

Germany and to formalize it for an indefinite period of time. In other words, I consider them as proposals not for reunification but as proposals for permanent partition.

#### Mr. Mikoyan's Visit

*Q. Mr. Secretary, now that some time has elapsed since Mr. Mikoyan's visit,<sup>10</sup> could you tell us your impressions, good or bad, on his trip and its results?*

A. I think the trip probably served a useful purpose. Like any such trip, it is so packed full of events one can't say that everything that occurred was precisely designed to give a correct impression of the American viewpoint. Possibly he gained an impression of a greater division of the country than is in fact the case. That comes about because of the fact that what he heard in the country as a whole—and I except here the representatives of organized labor, which presented their views very strongly and effectively—but otherwise largely what he heard were generalities, that we want peace and we want better relations and we want friendship; we want more trade, and so forth.

All of those generalities are generalities which equally the Government shares. But we have to deal not just in terms of generalities; we have to get down to the concrete cases. When we get down to concrete cases, concrete proposals, then we find that the proposals are really not proposals to end the cold war; they are proposals to give the Soviet Union or the international Communist movement increased advantages and opportunities to win the cold war. At that point I believe anybody, whether he is Republican or Democrat, whether he is a businessman or whether he is a labor leader, would take the same position that the Government is taking, that is, of saying, "No, we are all in favor of the general proposition, but this is not a fair way to carry it into effect, because it is not ending the cold war; it is prosecuting the cold war." Now, I think on the whole

<sup>10</sup> Anastas Mikoyan, First Deputy Chairman of the Council of Ministers of the U.S.S.R., made an unofficial visit to the United States Jan. 4-20, during which time he talked with Secretary Dulles on Jan. 5 and 16, with Vice President Nixon on Jan. 7, with President Eisenhower on Jan. 17, and with Under Secretary Dillon and Secretary of Commerce Lewis E. Strauss on Jan. 19.

probably Mr. Mikoyan got that impression. Incidentally, Representative [John W.] McCormack made a very fine statement in the Congress last Thursday [January 22] along these lines. I think probably the composite net result of his visit was to give him a general impression along that line, although I did find, when he came back to Washington after his trip around the country, he still seemed to be under an illusion that there was a greater divergence on these matters than I think is the case. But by and large I think it was a healthy operation.

*Q. Do you see any dangers in what you seem to describe as a possible miscalculation on his part about divisions in this country?*

A. Well, I said that, while I think there is some risk there, probably on the whole he got a fairly balanced view, and I have no great concern that there will be a serious miscalculation on that account. Of course, there is always the danger of this type of miscalculation. I recall that before the First World War the German Embassy here sent back reports to the Kaiser that there wasn't a chance in the world we would get involved in the war, and Hitler got the same impression before the Second World War. Undoubtedly those two wars were very largely started on the basis of miscalculations. I hope and believe that this trip has not laid the foundation for another such grave miscalculation.

#### **Motivation of Soviet Diplomacy**

*Q. Mr. Secretary, I would like to ask you if you could clarify, in relation to broader policy considerations, the point you made about Mr. Mikoyan's visit. You said that Soviet proposals are designed not to end the cold war but to give the Soviet Union increased advantages to win the cold war. Now, we started out today with a question about a thaw in the cold war. Do you relate these things? Do you think, in other words, that the motivation of Soviet diplomacy or cold-war strategy at this stage is not to end the cold war but to try to gain advantages?*

A. I have seen nothing so far which leads me to feel that there is a genuine desire to end the cold war. There is a very strong desire to delude us into thinking the cold war is ended. There are a series of proposals made ostensibly to help end the cold war which would, in fact, play greatly into

the hands of the proponents, the prosecutors, of the cold war.

Take this matter of trade. Mr. Mikoyan, on the last day here, on Monday, came in to see Under Secretary Dillon. He made certain requests, almost demands, of a very far-reaching character. They would eliminate all political controls over our trade with the Soviet Union so they could acquire strategic goods from us of their own pick and choosing. We would give most-favored-nation treatment to all of their goods despite the fact that they operate under an entirely different system of economy—no cost accounting and the like. We would open in favor of them very large credits so that they could buy what they wanted here on a credit basis, and eliminate the provisions of the Johnson Act so as to permit them to continue in default upon their obligations to us while still getting credits. Now that is what we were supposed to do.

Of course, on their side, they keep every particle of foreign trade absolutely under the strictest kind of political control. Nobody buys anything or sells anything in the way of foreign trade unless it is decided from a political standpoint that that is to the advantage of the Soviet Union.

So we would be expected to renounce all political controls, to extend large credits, and so forth, while they would keep their trade under the tightest kind of political control. And they have often said that from their standpoint they look upon trade as more important from a political standpoint than they do from the commercial standpoint.

Now I don't think that that kind of a proposition is really designed to end the cold war. I can see that it would give the Soviet Union a very considerable advantage in prosecuting the cold war.

*Q. May I ask one other question on this subject, sir? In these circumstances, what possible benefits could accrue from having a meeting of foreign ministers this spring?*

A. It is occasionally possible to get out of the Soviet Union, out of the Communists, an agreement which, I think, tends to promote international peace on a fair basis, which does not give any advantage to one or disadvantage to the other. Now it is a very difficult job to get that kind of an agreement. We did get the Korean armistice. We got the Austrian State Treaty that liberated



Austria. We made an agreement here last January for the cultural exchanges and so forth. One always has in mind that, although it is a very difficult bargaining proposition, it is possible to get agreements which are fair as between the two sides, that are not of great advantage to one against the other, and which will promote the cause of peace and diminish certain areas of friction. So we constantly try for these things, and our past experience indicates, if you keep on trying, you may sometimes get them. That is the spirit that animates us.

*Q. Mr. Secretary, you said that the confederation idea, as advanced by the Russians, is unacceptable. Would you consider the confederation idea as constituting an item of negotiation if it were under a different form and there were different safeguards leading to reunification?*

A. Well, I said in answer to an earlier question that the word "confederation" covers a very wide variety of political relationships. It can be a relationship between two utterly dissimilar and unrelated areas which tends to perpetuate their division, perhaps only having a surface unity with respect to certain particular matters. Or you can have a confederation which is, in fact, of very considerable progress toward reunification. I said in a sense you can call the present Federal Republic of Germany a confederation. Now I don't like, as I said, to use the word, particularly because it has become a word around which emotions revolve. But the matter of finding ways which, in fact, will promote reunification is a matter which, I think, can be and should be studied as resourcefully as possible.

*Q. Thank you, sir.*

## Letters of Credence

### Libya

The newly appointed Ambassador of Libya, Mohieddin Fekini, presented his credentials to President Eisenhower on January 26. For texts of the Ambassador's remarks and the President's reply, see Department of State press release 64.

### Mexico

The newly appointed Ambassador of Mexico, Antonio Carrillo Flores, presented his credentials to President Eisenhower on January 27. For texts of the Ambassador's remarks and the President's reply, see Department of State press release 69.

## Senator Green Resigns Chairmanship of Foreign Relations Committee

### Statement by Secretary Dulles

Press release 83 dated January 30

It is with sincere regret that I have learned that Senator Theodore Francis Green has felt it necessary to relinquish the chairmanship of the Senate Foreign Relations Committee, the post in which he has served with distinction since 1957. He has in addition attained a notable milestone in life and an unparalleled record in the Senate.

I am pleased to learn that he will continue to serve as a member of this committee and that we will continue to have the benefit of his wise counsel and long experience in the service of his country.

## Secretary Dulles and Mr. Sarasin Confer on SEATO Matters

The Department of State announced on January 26 (press release 67) that on that day Secretary Dulles had conferred with Pote Sarasin, Secretary General of the Southeast Asia Treaty Organization (SEATO), concerning matters of general interest to SEATO and its relations with other free-world collective-defense alliances.

Mr. Sarasin arrived at Washington on January 23. He had discussed SEATO matters with government officials at Karachi, London, and Paris. He also had talked at Ankara with the Acting Secretary General of the Baghdad Pact and with the Secretary General of NATO at Paris about the establishment of contacts with other collective-security organizations of the free world. He will leave for Bangkok early in February.



## American Foreign Policy Is Your Business

*by Deputy Under Secretary Murphy<sup>1</sup>*

One of the most gratifying facts of our national life today is the interest you are taking in foreign affairs. This was not always so. Just 20 years ago, in 1939, I came back from Paris, where I was then stationed, to find apathy the general attitude toward the European war whose shadow was then upon us. I remember some businessmen then telling me that this was strictly a European affair. "Let the British and French worry about it," they said. "We're going to stay out."

A great deal of water has gone over the dam since then, and today we are well aware that these world problems were our business then and to an even greater extent are so now.

But even after the great and terrible war in which we finally became involved, we had some further lessons to learn about the full extent to which foreign affairs have come to be our business and the exacting terms on which that business must be conducted.

I would like to talk about two features involving our foreign policy: first, a brief reference to the importance of our relations with Latin America; secondly, free world-Soviet relations.

### Latin America

In Latin America we are, of course, faced with a series of active and interesting problems. The far-reaching social and economic changes which are now sweeping that area have intensified the aspirations in those countries for large-scale development and prompt improvement of living standards. There is a sense of urgency on the part of many of our southern neighbors. This

drive manifests itself primarily in a pressing concern by several of the Latin American communities for an adequate flow of capital necessary to finance their need for widespread economic development. There are acute problems of increasing trade and the overshadowing question of foreign-exchange requirements. Of course, these problems are not new; they are merely more acute.

Your Government has appreciated for some time past the depth of the growing impetus toward urgent economic development and has long since been conscious of the area's impatience on that account. Thus, President Eisenhower proposed in 1956 that the American Presidents designate personal representatives to meet and consider their mutual economic and social problems within the context of the Organization of American States. This was designed to stimulate active interest and participation by all the American Republics in multilateral approaches to these problems. As a result of this proposal there have been a number of tangible measures in many fields, such as public health, housing, agriculture, technical training.

Our trade with Latin America in recent years has been greater than that with any other area of the world except Western Europe. Some 22 percent of our total exports go to Latin America, and we in turn normally take about 45 percent of all the goods exported by the Latin American countries. Our direct private investments in the area are in the neighborhood of about \$9 billion, and this has been increasing at a rate of over \$600 million annually. In 1957 the increase was \$1.3 billion, the largest for any area in the world.

In the past 10 years the Export-Import Bank

<sup>1</sup>Address made before the Economic Club of Detroit at Detroit, Mich., on Jan. 26 (press release 62 dated Jan. 24).

has loaned more than \$2 billion to Latin America, representing more than 40 percent of all the bank's loans. These lending operations are in addition to those of the IBRD [International Bank for Reconstruction and Development], to whose capital the United States is the largest single subscriber. They are also in addition to the stabilization loans of the International Monetary Fund, to whose capital the United States is also the largest single contributor. Under our surplus agricultural commodities law we have transferred in the neighborhood of \$400 million worth of surplus products for local currencies, most of which has been loaned back to the purchasing countries for economic development. As a concrete example of our policy of cooperation, of which I am reminded by the visit to this country of our friend, President [Arturo] Frondizi of the Republic of Argentina, we recently concluded with Argentina a loan program in conjunction with the International Monetary Fund and United States public and private sources of a total of \$329 million.<sup>2</sup>

The recently created Development Loan Fund is making an important contribution to the area's economic development. And our able Under Secretary of State, Douglas Dillon, has given yeoman support to the creation of the Inter-American Development Institution,<sup>3</sup> the so-called Latin or inter-American bank. This project is being worked out within the context of the Organization of American States. We are proposing an institution that would make both hard and soft loans but with major emphasis on the former. We are suggesting an ultimate total capital of \$850 million, of which the United States would be prepared to pay in \$100 million on the establishment of the institution.

I think tribute should be paid to the role of United States private investment and enterprise in Latin America. United States private enterprise is carrying a payroll of somewhat over 700,000 Latin Americans. United States companies in Latin America are paying the equivalent of over \$1 billion in annual wages and salaries and well over \$1 billion in income and other taxes to other governments, together with a half billion dollars in local miscellaneous expenditures. Thus

Latin America gains annually from the activities of United States private enterprise in the neighborhood of at least \$3 billion. I think these facts are worthy of mention because so often, when the somewhat superficial question is asked, "What is the United States doing for Latin America?", the important role played by United States private enterprise is rarely mentioned. There is no doubt that government aid is of great importance, but the bulk of the job of practical assistance to the area comes, and should come, from private-enterprise sources. I have no doubt also that these same sources will inevitably play a substantial role in the development of other areas, especially Africa and Southeast Asia.

#### Free World-Soviet Relations

In the years just following World War II, we hastily demobilized with abandon and disorganized our military power. We were concerned at home with acute problems of economic adjustment. In the realm of foreign affairs we were in the process of testing the possibilities of practical cooperation with the Soviet Union. And I want to say that it is no good talking about cooperation in generalities. It must be done in specific cases.

Berlin in the postwar period was a test tube in which the experiment of working with the Soviet Union was made. We made that experiment with all the sincerity and purpose we could generate. We made concession after concession to demonstrate our willingness, nay our eagerness, to cooperate. But the hardeyed men in Moscow, including your recent guest, Mr. Mikoyan,<sup>4</sup> misinterpreted our friendly gestures as forced because of our military weakness. It was the preface to the Communist takeover in Czechoslovakia, to the blockade of Berlin in 1948, and to Korea.

Finally, but only gradually, we came to see that a stable relationship with the Soviet Union, flushed as she was with victory, with tremendous expansion, and a new sense of power, was not in the cards for us so long as we were weak. We came to see also that our best defense was the continued freedom of the other free nations and their hope was our support.

<sup>2</sup> BULLETIN of Jan. 19, 1959, p. 105.

<sup>3</sup> For background, see *ibid.*, Dec. 8, 1958, p. 918, and Jan. 12, 1959, p. 48.

<sup>4</sup> Anastas Mikoyan, First Deputy Chairman of the Council of Ministers of the U.S.S.R., made an unofficial visit to the United States Jan. 4-20.

On the basis of this growing knowledge we not only rebuilt our own defensive strength; we joined with other free nations in programs of mutual assistance and collective defense. NATO was born, backed by the Marshall plan that put Europe on its feet. In time a rebuilt and thriving Western Germany became a partner and an ally. Few developments must have had greater impact on the Kremlin than this. For it signaled the end of the Soviet dream of European domination.

It can be said without exaggeration that the current difficult situation in which the Soviet Union finds itself in East Germany and Eastern Europe is in substantial measure the direct product of the strength—military, political, and economic—which Americans, at last aroused, saw to be essential and with their friends created.

### **Situation in East Germany**

A product in turn of the difficult situation of the Soviet Union in East Germany is its current effort to force the Western allies out of Berlin. For our continued presence there only makes the more painful, urgent, and obvious the problems with which the Soviet Union must deal. Let me review the background of that situation.

In 1947 the Moscow foreign ministers' meeting on Germany failed because the Soviet Union would not fulfill the obligations assumed by Stalin at Potsdam.<sup>5</sup> I have often wondered why the Soviet delegation ever agreed at Potsdam to a united, independent Germany based on free elections, because there was never an indication afterward of any willingness on their part to carry out the agreement. In their current proposals it is obvious that Russian thinking does not contemplate a truly independent Germany but rather a condition of limited and restricted sovereignty. Mr. Molotov, I remember, always attached great importance to Germany. It was he who said, "As goes Germany, so goes Europe"—and he obviously wanted it to go Communist.

When our delegation left Moscow after the failures of the 1947 meeting on Germany, the three Western powers agreed with the West Germans on the establishment of the German Federal Republic. That was not in defiance of Potsdam, as Mr. Mikoyan so misleadingly puts it, but rather an attempt on the part of the three West-

ern powers to carry out the spirit of the Potsdam agreement in their areas of control.

No policy the West, including our German friends, pursued since the war has been more successful than the policy followed in West Germany. Fifty-two million energetic and friendly people have constructed a viable and democratic nation, which is now a powerful asset not only to the Germans themselves but to the free world and the cause of peace. Underlying the current Russian interest in the German problem has been a gathering concern, if not anxiety, over the growing strength and prosperity of a Western-oriented German Federal Republic. Notwithstanding Mr. Mikoyan's bland assertions of happy days in East Germany, there is ample evidence that the long-suffering East Germans look impatiently toward the day when they can be peacefully reunited with their brothers to the West, free from the oppression of foreign control and tribute. During the past years a total of some 3 million East Germans have found refuge in West Berlin and West Germany.

When Mr. Mikoyan speaks of Soviet apprehension over what he claims is a West German intention to engulf East Germany, what he in fact means is that the U.S.S.R. has failed utterly to win over the East German population and that the Moscow leadership is concerned lest a wave of public and international sentiment should reunite a people.

### **Differences of Philosophy on German Reunification**

The Soviet Union has made it clear, both through the visit of Mr. Mikoyan and by other means, that their proposal in late November<sup>6</sup> to make West Berlin a free city is not to be regarded as an ultimatum. This is encouraging because, as the Western allies pointed out in their notes at the end of December, we would not find it easy to negotiate under any form of threat or coercion.

Mr. Mikoyan's recent trip to this country reflects the genuine concern the Soviet leadership feels about the German situation. This concern has at least two aspects. There is undoubtedly the desire to settle the German problem on Russian terms, and this is stimulated by Russian uneasiness over conditions in East Germany. There

<sup>5</sup> For text of the Potsdam agreement relating to Berlin, see BULLETIN of Aug. 5, 1945, p. 153.

<sup>6</sup> For an exchange of correspondence between the United States and the U.S.S.R. on the subject of Berlin, see *ibid.*, Jan. 19, 1959, p. 79.

is also the fear, groundless as it may be, that a rearmed Germany might again become an aggressor.

The Soviet Union's present proposal of a conference 2 months from now to draft a German peace treaty underlines the very basic differences of philosophy which still exist between us on the future of Germany. The U.S.S.R. has consistently maintained that Germany should be isolated, segregated, to a large extent demilitarized, neutralized, and separated from close association with its neighbors—in other words, not an independent and sovereign Germany.

We do not believe that this is a sound approach to the problem. We do not believe it would work. We think the German people are too great a people, too vigorous and creative to be dealt with in that way. We believe that the Soviet proposal, far from lessening the danger of a rearmed and aggressive Germany, would greatly increase it.

We share with Chancellor Adenauer the belief that the future is best served by encouraging the closest possible integration—political, military, and economic—between Germany and the other European powers to the point where any aggressive action by Germany becomes not only impossible but undesirable from the German point of view.

We acknowledge that the Soviet Union is entitled to be concerned with the security situation in Europe. We know that any reunification of Germany must make full allowance for that concern. We have indicated in the past that we would be prepared to give the Soviet Union assurances along these lines, and we are still prepared to do so. This is one aspect of the German question where we feel the two sides need not be irreconcilably far apart.

Mr. Khrushchev's hastily drafted remarks on the occasion of the November visit to Moscow of Mr. [Wladyslaw] Gomulka [First Secretary, Central Committee, Polish Communist Party] have not disturbed the Western position in Berlin, but we may hope that out of the concern they have generated may come progress toward German unity and a reduction of tension in Europe.

The question of the future of Germany leads us to the question of the whole relationship of the free world to the Soviet bloc. I have heard it said from time to time, as I know you have, that, if only the United States would drop its allegedly hostile attitude toward the Soviet Union and stop

surrounding them with "hostile" bases, we could work out a mutually satisfactory living arrangement with them.

We are ready and willing to keep the channels of communication open for any meaningful, realistic settlement, great or small, that could be achieved. It is also sound and prudent to be always on guard lest some action, policy, or position of ours should unnecessarily cause the Soviet Union to suppose we are attempting to surround or threaten them.

But it is unrealistic, and it could be dangerous, to assume that simply by wishing we could end the cold war and the armaments race. If wishing had any influence these things never would have started. And it is unrealistic to think that the undeniable desire of the Soviet people for peace and a better standard of living will in itself cancel the habits which have traditionally governed Russian relations with the rest of the world and the attitudes now held by those men who control the Soviet state.

While we hope ways may be found to diminish it, we must recognize that Russian hostility toward the West springs from deep roots. Old Russia, located as she was on the fringes of Europe, entered late onto the European scene. With harsh climatic conditions, without natural boundaries to protect her, invaded many times from the East and the West, Russia developed as a militaristic and autocratic state whose rulers seldom if ever gained full popular support for their rule or established stable relations with their neighbors.

Sensing that their control was uncertain and knowing that their country was primitive, the rulers of Russia over the centuries sought to prevent the great masses of their subjects from seeing other countries and the citizens of other countries from seeing Russia. In seeming compensation for their sense of backwardness and inferiority was the development of a messianic strain in Russian thought, with ideas that Russia might one day save the world and that Moscow would become the third Rome.

The revolution of 1917 swept away the old rulers of Russia but not the conditions under which they had ruled nor the attitudes these conditions had bred. The new ideology, communism, blended almost uncannily with the old attitudes. Indeed, as someone has said, communism was the newly found fig leaf to cover their historic nakedness.



The alleged imperialist hatred of the new Socialist regime seemed to confirm the historic Russian suspicion of the outside world and to justify a new isolation of the Russian peoples from that world. The Socialist revolution that was to free humanity from its chains blended easily with the messianic strain already strong in Russian thought, generating an ideology that was to prove of great value to the new regime, both in ruling its own subjects and in seeking converts abroad. And the missionary purpose rationalized the traditionally unstable relations of Russia with other powers and her age-old ambition to expand at their expense.

Perhaps you can see in this pattern the roots of the troubles I have already described as the Western powers have sought to cooperate with the Soviet Union.

Of course we now have statements by Messrs. Khrushchev and Mikoyan to the effect that they want better relations, and we hope they do. But we must weigh those words against such relatively recent statements by Mr. Khrushchev as this:

"Whether you like it or not, history is on our side. We will bury you!"

Or this: "We are convinced that sooner or later capitalism will perish, just as feudalism perished earlier."

Or this: "All the world will come to communism. History does not ask whether you like it or not."

Such assertions, striking as they do the old note of hostility and inevitability, raise grave doubts as to whether we should pin all our hopes on an occasional kind word or a popular longing.

Now you may have concluded from my words that I take a rather "bearish" view of the prospects of cooperation with the Russians; that I am making the same mistake they appear to have made, of assuming fatalistically that no relaxation will ever come. That is not so. I simply suggest every reason for caution but no reason for discouragement.

It seems to me that the eventual achievement of any major accommodation with the Soviet Union will have to be based on four elements:

In the first place there must be a sufficient increase in confidence on their part. The Soviet leaders must themselves come to accept the attainment of the great-power status and its responsibilities they are demanding that others recognize. They are a great power now.

In the second place they must increasingly come to see, both through their experience and our example, that the system they oppose not only is not doomed to early collapse but really has quite a bright future and certain virtues their system does not have. The painfully obvious fact—from their view—of the prosperity and strength of West Germany and all of Western Europe and the continued refusal of the United States to suffer the disastrous depression Communist leaders have forecast will in time, we hope, impress them. The contrast between the highly developed system of incentives Russia has evolved through trial and error and the brutal absolutism of the Chinese communes, recently admitted by Mikoyan himself, shows that the Russians already have become more "capitalist" than they may think. President Eisenhower's reference to Soviet "state capitalism" reflects their actual development.<sup>7</sup>

In the third place the West must obviously continue to be resolute and strong. In Berlin, on Quemoy, in Lebanon, at any place or point where the Communists seek rewards from any form of aggression, threat, or maneuver, we must see to it that they are neither rewarded nor encouraged. We need not threaten or bluster, be fearful or aggressive. We need be calmly determined, firm, and obviously capable of looking after our proper interest.

And finally we must continue to hold ourselves ready to talk about the settlement of issues, great or small, whenever settlement can be constructively talked about. Making full allowance for the facts of life, we must continue sincerely and patiently to seek a better basis for living in the same world with the Soviet Union. There are no short cuts.

#### Prospects for Trade

Mr. Mikoyan's visit to us, and his talk of the possibility of huge increases in trade, has naturally set many wondering about the prospects for profitable trade with the Soviet Union. The current status of Soviet industrial development, as well as the plans for immediate future development, do indicate that an expansion of trade along some lines is probable. But the picture is perhaps not as rosy as might seem at first.

<sup>7</sup> For telegram of Secretary Dulles to Mr. Mikoyan relating a message from President Eisenhower, see *ibid.*, Feb. 9, 1959, p. 189.



The recently announced goals of the Soviet 7-year plan will involve a large volume of capital construction but no foreseeable significant demand for foreign consumer goods. As a result the Soviet leaders have apparently embarked on a campaign to increase foreign purchases of equipment and technology in such industries as chemicals, particularly petrochemicals, tire manufacture, certain kinds of construction equipment, and mining machinery.

It can be expected that Soviet interest in procurement and construction contracts with American firms will be increasingly demonstrated, and doubtless trade will increase to the extent that our controls on strategic materials permit. A large-scale, permanent increase seems unlikely, however, for two reasons: First, the Soviet Union is not interested in purchasing consumer goods. Second, the American market for their traditional exports is quite limited, thus limiting their dollar-earning capacity.

So it may be a fair conclusion that in the foreseeable future the principal overseas markets of American industry will continue to be among the free nations.

This, I know, is an inadequate review of the evolution by which Americans discovered that foreign policy is their business. There are, of course, many facets of foreign policy not touched on because time does not permit. But I am very happy to have had this opportunity to share with you some thoughts on questions which are so vital to all of us.

## **President Eisenhower To Visit Mexico**

White House press release dated January 28

*The White House on January 28 made public the following exchange of messages between Secretary Dulles and Antonio Carrillo Flores, Ambassador of Mexico.*

### **Secretary Dulles to Ambassador Carrillo Flores**

JANUARY 28, 1959

EXCELLENCY: I have the honor to inform you that President Eisenhower has instructed me to

acknowledge your note of January 28, confirming the gracious and friendly invitation of President Adolfo Lopez Mateos to visit with him at Acapulco, Mexico, on February 19 and 20.

The President has also instructed me to inform you that he accepts with pleasure the invitation of President Lopez Mateos for an informal meeting at Acapulco on the dates indicated. It is his firm belief that the custom of such meetings is of the highest importance as a symbol of the historical and cultural ties of friendship, cordiality and mutual confidence which unite the peoples of Mexico and the United States as well as their two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

JOHN FOSTER DULLES  
*Secretary of State  
of the United States of America*

His Excellency

Señor Licenciado ANTONIO CARRILLO FLORES  
*Ambassador of Mexico*

### **Ambassador Carrillo Flores to Secretary Dulles**

JANUARY 28, 1959

EXCELLENCY: As Your Excellency knows, for the past two months the Minister for Foreign Relations of Mexico, Mr. Manuel Tello, and the American Ambassador, Mr. Robert C. Hill, have exchanged impressions from time to time on the desirability of continuing the custom that the Chiefs of State of our two republics meet in the atmosphere of friendly cordiality and frank understanding which characterizes our diplomatic relations.

As Your Excellency also knows, these same feelings were expressed to the President of Mexico, Licenciado Adolfo Lopez Mateos, by outstanding American persons.

President Lopez Mateos, who shares this opinion, gave me instructions to confirm, once my letters of credence had been presented, to His Excellency President Eisenhower, the invitation to meet him on Mexican territory.

I shall appreciate it if Your Excellency will be so kind as to confirm whether, as I understand to be the case, His Excellency President Eisenhower would agree that, as proposed by the First Magistrate of my country, the meeting take place in Acapulco the 19th and 20th of February next.

Accept, Sir, the assurances of my highest and most distinguished consideration.

ANTONIO CARRILLO FLORES

## Realities of Soviet Foreign Economic Policies

*by Under Secretary Dillon*<sup>1</sup>

Recently the foreign economic policies of the Soviet Union have become a matter of increasing importance to all of us who have an interest in world affairs. I would like today to examine the hard realities of Soviet foreign economic policies—both with the industrialized West and with the newly developing areas of Asia, Africa, and Latin America—and then outline our Government's position regarding trade with the Soviet Union. I shall also briefly touch upon our own trade and financial programs aimed at helping the newly emerging countries achieve material progress under freedom.

You are all, of course, aware of the well-publicized visit of Soviet Deputy Premier Mikoyan to some of our major industrial and financial centers.<sup>2</sup> His private tour and meetings with American business groups had, among other purposes, the airing of the theme of greater trade with the United States. This campaign began with Soviet Premier Khrushchev's letter to President Eisenhower last June.<sup>3</sup> In that letter, you will recall, Premier Khrushchev proposed a significant expansion of United States-Soviet trade, claiming it could amount to "several billion dollars in the next few years."

President Eisenhower replied that the United States favored an increase in peaceful trade, that

the way was open for the Soviets to expand their trade with the United States if they so desired, and that the Department of State was prepared to discuss the matter further with them.

What happened next?

The Soviets promptly initiated a series of aggressive actions against the free world which inevitably resulted in a marked heightening of tensions. I refer to the Soviet Government's actions in the Lebanon and Jordan crisis, in the Taiwan Straits crisis, and most recently in Berlin.

This, then, is the inauspicious setting against which we must measure the Soviet leaders' seriousness of purpose in their talk of expanded trade with the United States.

What lies behind the talk? Do the Soviet leaders—who are well aware that the chief limitations to an increase in trade with the United States are limitations of their own creation—really desire to expand commerce with the United States? Or do they calculate in advance that their efforts to secure one-sided concessions will fail—and thus provide them with an excuse for refusing to include the Soviet consumer in the benefits of their expanding industrial growth?

In attempting to find the answers to these questions we should keep in mind the basic nature of the Soviet system:

A nation's foreign policy, including its economic component, reflects its domestic policies and institutions. The Soviet Union, as you know, is a totalitarian dictatorship, firmly ruled by a small elite in the Communist Party, which is dedicated to eventual Communist world domination. Economically the Soviet Union is characterized

<sup>1</sup> Address made before the Mississippi Valley World Trade Council at New Orleans, La., on Jan. 27 (press release 65 dated Jan. 26).

<sup>2</sup> Mr. Mikoyan made an unofficial visit to the United States Jan. 4-20.

<sup>3</sup> For Mr. Khrushchev's letter of June 2, 1958, and President Eisenhower's reply of July 14, see *BULLETIN* of Aug. 4, 1958, p. 20.

by state ownership of land and the means of production, state control of the labor force, and domination of the right of individuals to make economic decisions by centralizing all economic power in the hands of the state.

As an integral part of Communist strategy, the Soviet leaders manipulate their economy to attain maximum growth of heavy industry under forced draft. Their objective is starkly simple: the achievement of both economic and military world supremacy. Their method is the concentration of investment in heavy industry at the expense of the Soviet consumer. Thus they subordinate the economic well-being of the individual to the rigid demands of overall state planning.

Now, what role does foreign trade play in the Soviet scheme of things?

### **History of Soviet Foreign Trade Policy**

In keeping with Soviet theory, one of the Communist leaders' first moves after the Bolshevik revolution was to establish a state monopoly over foreign trade. Inherent in the type of economy they were creating was the need to deliberately isolate the Soviet economy from world market forces and allow Soviet planners to exercise full control over the domestic economy. This absolute state monopoly also permits them to turn trade off and on and to shift its direction to suit the Communist strategy of the moment.

From the very beginning of the Soviet industrialization drive, foreign trade was bent to the task of importing heavy machinery and equipment incorporating the latest technological advances developed in other countries. Imports of consumer goods were virtually eliminated in favor of basic industrial equipment. During the early thirties, these imports of the means of production enabled the Soviet Union to launch new industries at levels of development which had taken the West years to achieve through costly research and development.

Thus, by tapping the advanced technology of the West, the Soviet Union was able to gain years in terms of economic development. Soviet leaders, including Mr. Mikoyan on his recent visit to Detroit, have publicly recognized this historic fact.

We must recognize another, equally historic fact: To Soviet planners, trade with the free world is always subordinated to the overriding goal of self-sufficiency. Let me remind you that,

once the Soviet planners completed their procurement program from the West in the early thirties, trade with the outside world fell off drastically. Since then their trade with the United States has never regained a comparable level—except during World War II and the immediate postwar years, when, as you will recall, this country shipped some \$11 billion worth of lend-lease and UNRRA goods to the Soviet Union.

From the public statements of Messrs. Khrushchev and Mikoyan, it would appear that they now desire to repeat the pattern of the thirties. There is good reason to believe that their renewed interest in purchasing from the West stems from the new 7-year plan which is now being unveiled. We can anticipate that this plan will be a major topic during the 21st Congress of the Communist Party, which opens today [January 27] in Moscow. This plan has been heralded by the Soviet leaders as a major step toward the accomplishment of their announced goal of overtaking and surpassing the United States—a goal we could consider a welcome challenge if the Soviet people, rather than Communist world ambitions, were its primary intended beneficiaries. From what we know of the plan so far, it appears that the Soviet consumer will continue to be shortchanged in favor of another major industrial “leap forward.”

To assist in carrying out their ambitious plans, the Soviet leaders are once again counting on appeals to the profit motive inherent in our free-enterprise system to enable them to obtain a large stock of advanced technology and equipment—and primarily on credit. Premier Khrushchev himself has made this abundantly clear: Last May he stated that it would be “expedient” to purchase plant and equipment for the chemical industry from the “capitalist” countries to avoid wasting time on “the creation of plans and mastering the production of new types of equipment.” Then, in his letter to President Eisenhower, he pointed out that, since the materials desired by the Soviets could not be paid for by their exports, the Soviet Union would be willing to accept long-term credits from the United States. This suggestion was presented to me as an absolute precondition to increased trade during my talks with Mr. Mikoyan.<sup>4</sup>

The Soviet leaders apparently do not wish to divert sufficient resources into exports to acquire

<sup>4</sup> Mr. Mikoyan talked with Mr. Dillon on Jan. 19.

the large volume of capital equipment which they desire, on a pay-as-you-go basis. Hence, Premier Khrushchev in his letter and Mr. Mikoyan during his visit have, in effect, invited us to help finance the continuing rapid expansion of Soviet industry.

Now, goods purchased by a country must be paid for either by its own exports or by obtaining foreign credits. In the thirties the Communists procured foreign capital equipment by exporting grain at prices below an already depressed world market—despite the fact that millions of Russian and Ukrainian peasants were dying of starvation.

Today, as then, Soviet exports consist mainly of raw and semifinished materials, sold in bulk. Thus, because of its economic system, the world's second largest industrial nation has, in its dealings with the Western World, a commodity export pattern not unlike that of many underdeveloped countries.

To such traditional exports as wood products and manganese they have recently added tin, aluminum, oil, and oil products. Because of price-cutting tactics, so typical of a state trading monopoly, these sales in the Western World have already proven injurious to such traditional free-world exporters as Bolivia, Malaya, Indonesia, and Canada.

Manufactured goods have thus far been offered sparingly outside the bloc, and mainly in politically motivated trade with selected target countries in the less developed areas of the free world. However, with the growth of Soviet industrial capacity, this component of their exports to the free world may be expected to increase.

Nevertheless, there is every indication that the main thrust of the Soviet export drive will continue in the field of basic materials, where it will pose a continuing threat of market disruption which would adversely affect the economies of our normal trading partners in the less developed areas of the free world. This concentration of Soviet exports in the field of basic materials also works to limit Soviet exports to the U.S. for we have solidly established trade patterns for the purchase of these items in large part from the less developed countries.

Now, Mr. Mikoyan has repeatedly stated that the United States Government does not wish to see increased trade with the U.S.S.R. He puts the entire blame for the present low level of trade on the United States.

#### **Mr. Mikoyan's Talks on Trade**

Let us look at the facts—at what actually occurred during Mr. Mikoyan's talks on trade with United States officials. On this matter I can speak with some authority, as I was the only U.S. official with whom Mr. Mikoyan discussed trade problems in detail.

First of all, to set the record straight, Mr. Mikoyan was assured by every official with whom he spoke, from the President on down, that the United States now, as always, favors an expansion of peaceful trade between our two countries.

But we pointed out that trade is the result of mutually advantageous agreements between willing buyers and willing sellers.

In this country the conduct of our commerce is in the hands of private firms and private individuals.

The Soviet state trading monopoly is at liberty under our laws to enter our free market and to buy and to sell. Its American outpost, Amtorg, is established in New York and has wide commercial contacts.

There is only one restraint on Amtorg's activities. We cannot be expected, as a country or as a people, to provide the Soviet Union with the sinews of war while its policies menace our own and other free-world countries with whom our security is linked. Therefore such items are embargoed for export to the Soviet bloc.

We have only recently completed our second major revision of the list of strategic goods subject to export licensing control. As a result, the list of goods which the United States will not license for export to the Soviet bloc has been significantly pared down. Actually, only about 10 percent of all our products moving in international commerce are subject to embargo.

In this connection, I understand that while he was in Detroit Mr. Mikoyan complained of our system of export controls. He said in effect that only such items as chewing gum, firewood, and laxatives are not classified as strategic goods whose export from the United States to the U.S.S.R. is banned. Mr. Mikoyan is a highly knowledgeable man and should know that this is far from the actual facts. In very recent months, in addition to the 900 products which require no specific licenses, the Department of Commerce has licensed for export to the Soviet bloc such varied articles as: agricultural machinery, scientific and pro-



fessional instruments, galvanizing equipment, textile machinery, stainless steel pipe, winders for steel mills, electrical heating units for industry, antibiotics, polio vaccine, rubber processing chemicals, a conveying system, and steel sheet and copper.

When we hear the Soviets complaining about our export controls, we must remember that the Soviet Union, through its state trading monopoly, maintains complete control over all exports, permitting only those which are considered to suit the Soviet objective of the moment.

#### Question of Credits

Now, as to credits: How can we be expected to extend them to the Soviet Union while that country is in default to us on its past debts?

The Soviet Union is the only major country with which we have been unable to reach a settlement of lend-lease accounts. In these settlements we have asked for partial payment to cover the civilian-type goods remaining in the hands of the country concerned at the end of the war. Let me repeat: I am speaking of *civilian-type* goods only. In the case of the Soviet Union, these goods amounted to \$2.6 billion. When we last discussed this matter with the Soviets in 1951, we offered to settle this account for \$800 million payable over a long term at low interest. The Soviet Union offered \$300 million. In an effort to move this matter forward and thus eliminate a major obstacle to improved economic relations, I told Mr. Mikoyan that we were prepared to renew negotiations immediately to seek a compromise solution. Mr. Mikoyan, to my great regret, showed no interest whatsoever in a resumption of these long-stalled talks.

Long-term private credits to a defaulting country are prohibited by the Johnson Act, which was enacted as long ago as 1934. Short-term credits are, however, freely available to the Soviet state trading agency on normal commercial terms.

Speaking of credits, I should like to observe that we are constantly considering requests for loans to assist the newly developing countries of the free world which are far greater than the available funds. Therefore the extension by the United States Government of credits to finance the growth of the industrial machine of a hostile Communist Party whose leader has threatened to "bury" us has understandably low priority.

Mr. Mikoyan also complained that we discriminate against Soviet exports as a result of congressional action in 1951 withdrawing most-favored-nation treatment. This, he claims, has served to place higher tariff duties on Soviet exports to this country. In actual fact, only a small portion of Soviet exports, past or current, are affected. Further, when a Communist country like the U.S.S.R. extends most-favored-nation treatment on customs matters, it is meaningless, for the total state trading monopoly directs its trade as it sees fit and does not rely on use of tariffs. Therefore the grant of most-favored-nation treatment to a Communist country is a one-way affair in favor of that country and must be compensated for by other considerations.

More important, as I reminded Mr. Mikoyan, this action was taken by the United States Congress in the year following the outbreak of the Korean war. In our country most-favored-nation treatment has more than a purely commercial significance. The American people, acting through their Congress, would find it hard to contemplate extending most-favored-nation treatment at this time to a country whose leaders relentlessly demonstrate their hostility and constantly menace our national security.

Obviously any change in this legislation will have to await a definite improvement in the international political climate.

I should like to emphasize that these issues, together with certain minor technical impediments such as restrictions on the importation of certain furs from Russia, do not constitute serious obstacles to trade, if—as the Soviet leaders allege—they truly desire to expand commerce with the United States. A broad range of peaceful goods is freely available through normal trade channels to the Soviet Union—just as these goods are available to our partners in the free world.

Soviet leaders, including Mr. Mikoyan, have implied that the United States is blocking the expansion of peaceful trade in the "fear" that the living standards of Soviet citizens will be raised under a Socialist system. This is patent nonsense.

The American people have always sympathized with the impoverished Soviet citizen. They have expressed their warm sympathy through substantial and generous aid to the Soviet people in their dire need following two world wars. As a matter



of national policy, the United States Government would welcome a significant improvement in Soviet living standards, in the hope that this would serve to put a damper on the aggressive and expansionist ambitions of their Communist leaders.

We offer the Soviets the opportunity to purchase unlimited quantities of food, clothing, household appliances, and other useful consumer items with which our free economy is blessed. Imports of this nature could immediately brighten the shabby existence of the average Soviet citizen and measurably improve his standard of living. I sincerely hope that the Soviet leaders will accept this offer.

In truth, the only thing the Soviet Union needs to do if it *really* wishes to expand its trade with us is, quite simply, to begin trading. I can think of no more direct way to state the position of the United States Government.

#### **What Soviet Leaders Can Do**

I will admit that establishing firm and dependable commercial relations with private firms in the free world does not come easily to a Communist state trading monopoly. However, if the Soviet leaders wish to create greater confidence in the American business community, there are a number of things they can do. Among them I would suggest:

First, make firm arrangements to settle outstanding Soviet debts.

Second, permit a greater degree of access by private American firms to both producing and consuming units in the Soviet Union.

Third, introduce a measure of predictability into Soviet foreign trade relations by making public their intentions with respect to specific goods which they intend to buy and sell under their foreign trade plans.

Fourth, take measures to provide assurance to foreigners of genuine protection for private industrial property rights as well as authors' rights.

Finally, demonstrate firmer adherence to business principles—instead of turning trade off and on, as Soviet leaders so frequently do in the interest of political expediency.

Before I leave the subject of United States-Soviet trade, I should like to emphasize what should be obvious from my earlier discussion of the nature of Soviet foreign trade:

The major obstacle to an expansion of Soviet trade on a mutually beneficial and lasting basis lies in the whole orientation of Soviet economic policy with regard to foreign trade. It is the deliberate Soviet policy of striving for self-sufficiency and development in isolation from foreign trade which is responsible for the fact that, despite large percentage increases over the low levels of Stalin's time, the second largest economy in the world now exports to the free world at only the level of a country the size of Denmark.

#### **Soviet Economic Offensive**

I have been discussing Soviet foreign economic policies as they relate to the United States and other Western industrialized nations. But there is another, even more important, aspect of Soviet foreign economic policies: the Soviet Union's determined and resourceful drive to penetrate, and eventually capture, the newly developing countries of Asia, Africa, and Latin America through trade and aid techniques.

In the last 4 years the Soviet Union, together with its European satellites and Communist China, has extended a net total of \$2.4 billion in credits. One billion dollars' worth of these credits was extended during the past year. Soviet bloc trade turnover with underdeveloped countries of the free world during 1957 was \$1.7 billion—more than double the value of such trade in 1954. Preliminary data for 1958 indicate that this upward trend is continuing.

The number of well-indoctrinated and dedicated Soviet technicians operating in Asia, the Middle East, and Africa has grown to 4,000—an increase of 65 percent in a single year—and their numbers are growing at a far faster rate than the number of our own American technicians. Skillful commercial propaganda, highly publicized bilateral trade agreements, and the exchange of trade delegations have all been used to drive home the Sino-Soviet economic offensive.

The predominantly political motivation of this new activity is obvious and has been freely admitted by Soviet leaders. It represents a strategic departure from the traditional Soviet pattern. They have candidly said that the export of capital equipment is not profitable to them.

In their offensive, economic weapons have been cleverly blended with military assistance, propaganda, and diplomatic moves to inflame local pas-

sions and to create and aggravate situations of crisis. The short-term objective is to provoke and capitalize on tensions between the less developed and the more developed nations of the free world. The long-range aim is to create climates and attitudes in the newly emerging areas which will be conducive to eventual Communist takeover.

#### **U.S. Efforts To Help Newly Developing Nations**

As all of you are well aware, the United States has for years been building a firm international economic framework designed to help the peoples of the newly developing nations realize their potential for growth as free citizens. The Soviet offensive in the underdeveloped countries has served to impart a greater sense of urgency to our efforts.

It is now an accepted imperative of our national policy that the aspirations of the newly emerging peoples confront us with the most challenging task in our history—one that calls for the ready response of our best minds and resources. In approaching this task, one of the most important contributions we can make is to maintain a high rate of growth in our own country. For, as our economy grows and prospers, its benefits are transmitted through normal trade and private capital channels to all nations which participate with us in the free-world multilateral trading system.

However, to accelerate the rate of sound economic growth in the underdeveloped countries considerably more investment capital is needed from outside sources. Public financing is required to supplement and accelerate the contributions being made by the normal flow of trade and private investment.

These are some of the steps necessary to bolster the efforts the newly emerging peoples are making on their own behalf:

First, we must take a leading part in reducing barriers to world trade, both through our own practices and through the General Agreement on Tariffs and Trade. This will increase the ability of less developed countries to pay for their own economic development through sales of their products.

Second, we must be sympathetic and open-minded regarding the problems which the less de-

veloped nations face as a result of severe price fluctuations of their raw-material exports. Such price fluctuations can, and have, wiped out many of the benefits to the less developed countries from Western economic assistance. While fixed price-stabilization schemes cannot provide the answer to these problems, there are other constructive actions which can and should be undertaken.

Third, we must increase the resources of the International Monetary Fund to assist free-world countries in meeting temporary drains on their foreign exchange reserves. We must also expand the lending capacity of the International Bank for Reconstruction and Development, which has accomplished so much in furthering the economic development of the less developed countries.

Another attack on problems of mutual free-world concern has special interest for all of you, in view of your close ties with Latin America:

For many years our sister republics to the south have urged the establishment of a special lending institution to promote the economic development of Latin America. We have now agreed to participate in such an institution, and our representatives are currently meeting in Washington with officials of the other American States to draw up its charter. I consider the creation of this new institution to be a sound and forward-looking step which holds great promise for the future development of Latin America.

Fourth, we must emphasize the role of our new Development Loan Fund as a source of development financing on flexible terms of repayment. The Development Loan Fund must be enabled to take a more active part with the World Bank and our Export-Import Bank in stimulating an increased flow of capital for development programs.

Fifth, we must continue to extend technical assistance to the underdeveloped nations through our long-established programs of bilateral technical cooperation and through the multilateral programs of the United Nations and the Organization of American States.

Finally, I cannot stress too strongly the urgent need to call upon the vast human and financial resources of the private sector of our economy to work with government in pushing back the frontiers of free-world economic development. Government alone cannot do the job. Increased private investment abroad and the enlistment of

private managerial and technical talents are urgently in demand.

When the Soviet Government engages in economic assistance, it uses the resources of its entire economy, because there is complete identity between the economy and the Government. We have no wish to emulate Soviet patterns of organization or behavior. However, during times of crisis in our past, private enterprise has formed an effective working partnership with government. We are now living in a time of continuing crisis. We must find ways to forge a new working partnership to meet the challenge of our time.

Success in the achievement of our objectives will require the combined efforts of the entire American people. I look to you, as outstanding representatives of our internationally minded business community, to take up the challenge.

## **U.S. and Canada Ask IJC To Study Columbia River Basin Development**

Press release 76 dated January 29

*The Department of State on January 29 released the following joint statement by the Governments of the United States and Canada dealing with the development of the waters of the Columbia River Basin.<sup>1</sup>*

The Governments of the United States and Canada have been engaging in discussions related to the mutually advantageous development of the waters of the Columbia River Basin which cross the boundary. In the course of these discussions it has seemed desirable to pursue as rapidly as possible the exploration of the various technical problems which bear upon the formulation of comprehensive principles. For that purpose, as an implement to such discussions, the Governments of Canada and the United States have announced that identical letters were sent today by each government to the two sections of the International Joint Commission requesting the Commission to report specially to the governments at an early date its recommendations concerning the principles to be applied in determining:

<sup>1</sup> For a statement by Douglas McKay, chairman of the U.S. Section of the International Joint Commission, on the problem of development of the upper Columbia River, see BULLETIN of June 23, 1958, p. 1062.

(A) Benefits which will result from cooperative use of storage of waters and electrical interconnection within the Columbia River System; and,

(B) Apportionment between the two countries of such benefits more particularly in regard to electrical generation and flood control.

This request was made in furtherance of the reference of 1944 to the Commission on the Columbia River in order to emphasize the need for an early report from the Commission on the specific problem of the allocation of benefits to be derived from cooperative development of the Columbia River System.

The report of the International Columbia River Engineering Board will be received by the International Joint Commission early in March of this year and will be considered at a meeting which will be held in camera in Chicago beginning March 16, 1959.

In the meantime various related matters will continue to be discussed through diplomatic channels.

## **Agreement on Return of Austrian Property, Rights and Interests**

Press release 81 dated January 30

Secretary Dulles and the Ambassador of Austria, Dr. Wilfried Platzer, on January 30 signed the Agreement Between the United States and Austria Regarding the Return of Austrian Property, Rights and Interests. The agreement was concluded pursuant to article 27 of the Austrian State Treaty, which came into force on July 27, 1955.

The agreement provides for a return of certain Austrian property in the United States, which was taken under control by the Office of Alien Property during World War II under the provision of the Trading With the Enemy Act, or proceeds thereof. This property will be turned over to the Austrian Government, which will, in turn, make delivery to the individual claimants. The amount of Austrian property to be returned under the agreement is in excess of \$6 million. The transfer is subject to accrued taxes, expenses of administration, creditor claims, and other like charges.

In order to specify the property being returned, a schedule is attached to the agreement listing by name the Austrian owner and the property to be transferred.

## Views Invited on 1959 GATT Talks on Import Restrictions

Press release 82 dated January 30

### DEPARTMENT ANNOUNCEMENT

The Committee for Reciprocity Information on January 30 issued a notice inviting the public to submit views in connection with consultations scheduled during 1959 under the provisions of articles XII and XIV of the General Agreement on Tariffs and Trade (GATT). The consultations will be conducted by a panel of 13 countries, including the United States, at 3 different meetings in May, July, and October and will center around the use of import restrictions for balance-of-payments reasons by the following countries:

May	July	October
France	Austria	Australia
Netherlands	Denmark	Italy
New Zealand	Finland	Japan
United Kingdom	Ghana	Norway
Union of South Africa	Malaya	Rhodesia and Nyasaland
		Sweden

The consultations will afford the opportunity for the panel to review the economic and financial situation of the consulting countries individually, to explore in this context the possibilities for further relaxation of their import restrictions, and to discuss moderation of particular policies and practices that have proved unduly burdensome to exporters in other countries. At the present time, 37 countries are contracting parties to the GATT, an agreement designed to promote mutually advantageous trade among nations.

Written statements concerning problems caused by import restrictions in the countries listed above should be submitted to the Committee for Reciprocity Information, Tariff Commission Building, Washington 25, D.C. If the statements are to be useful in connection with the scheduled consultations, they should be received by March 2, 1959, for those countries consulting in May; April 1, 1959, for those countries con-

sulting in July; and July 1, 1959, for those countries consulting in October. The statements should be as completely documented as possible and include specific details.

The Committee for Reciprocity Information is an interagency group within the U.S. Government which receives views of interested persons regarding proposed or existing trade agreements and actions related to such agreements. It is prepared to receive at any time statements from the public regarding import restrictions imposed by any contracting party to the GATT. Where the countries involved are not scheduled for consultations, statements submitted in accordance with the instructions set forth at the end of the committee's formal notice will nevertheless be helpful in preparing for informal bilateral discussions conducted by the U.S. Government from time to time, as opportunity offers. This notice is intended to call attention specifically to scheduled consultations under GATT articles XII and XIV and sets forth in detail the types of information which American traders, business firms, labor organizations, and other interested individuals or associations may wish to submit.

### NOTICE INVITING PUBLIC VIEWS<sup>1</sup>

#### COMMITTEE FOR RECIPROCITY INFORMATION

CONSULTATIONS with certain contracting parties to the General Agreement on Tariffs and Trade regarding the application of quantitative import restrictions imposed for balance-of-payments reasons, under the provisions of Articles XII and XIV.

SUBMISSION of information to the Committee for Reciprocity Information regarding these consultations.

CLOSING DATES for submission of written statements: March 2, 1959, for May consultations; April 1, 1959, for July consultations; and July 1, 1959, for October consultations.

It is the intention of the Contracting Parties to the General Agreement on Tariffs and Trade to enter into consultation with certain of the parties regarding their application of quantitative import restrictions imposed for balance-of-payments reasons, under Articles XII and XIV of said Agreement.

The consultations will be conducted separately with each consulting country during 1959 by a panel of thirteen countries, including the United States. The consulting countries and the expected timing of their consultations are as follows:

<sup>1</sup> See also 24 *Fed. Reg.* 684.



<i>May</i>	<i>July</i>	<i>October</i>
France	Austria	Australia
Netherlands	Denmark	Italy
New Zealand	Finland	Japan
United Kingdom	Ghana	Norway
Union of South Africa	Malaya	Rhodesia & Nyasaland
		Sweden

During each consultation, the Contracting Parties will have the opportunity (1) to review the country's financial and economic situation and (2) in this context to discuss the possibilities for further relaxation of the level of its import restrictions, a lessening of the discriminatory application of these restrictions, and the moderation of particular policies and practices which are especially burdensome to the exporters of other countries adhering to the General Agreement.

American traders, business firms, labor organizations and other individuals or associations which have an interest in exporting to one or more of the consulting countries may, as a result of their own experience, wish to submit information relating to (2) above which will be useful to the United States Government during the course of the consultations.

The following list includes examples of the types of information that interested parties may wish to submit in response to this invitation:

1. Information indicating that discrimination in the treatment of goods available from the United States has resulted in unnecessary damage to the commercial or economic interest of the United States, its citizens or organizations;
2. Information indicating that not even minimum commercial quantities of imports of specific commodities from the United States are permitted, to the impairment of regular channels of trade;
3. Information indicating that trade is being restrained by complex or arbitrary licensing procedures, or lack of adequate information available to traders regarding import regulations;
4. Information indicating that reasonable access to a traditional foreign market has not been restored for a particular commodity, even though the country concerned has substantially relaxed its restrictions on imports in general;
5. Information indicating that the long-standing application of import restrictions by a country on a particular product has been accompanied by the growth of uneconomic output of that product within the country;
6. Information indicating discrimination in the treatment of goods available from the United States as compared with the treatment afforded similar goods from other countries with convertible currencies.

In order to permit adequate consideration of views and information, it is requested that all responses be submitted to the Committee for Reciprocity Information by March 2, 1959 regarding the countries consulting in May; by April 1, 1959 regarding the countries consulting in July; and by July 1, 1959 regarding the countries consulting in

October. Information submitted to the Committee after these dates will be considered to the extent time permits.

All communications on this matter, in fifteen copies, should be addressed to: The Secretary, Committee for Reciprocity Information, Tariff Commission Building, Washington, D.C. Views may be submitted in confidence, if desired.

By direction of the Committee for Reciprocity Information this 29th day of January 1959.

EDWARD YARDLEY,  
*Executive Secretary,*  
*Committee for Reciprocity Information*

## **U.S. Extends Loan to Greece for Fertilizer Plant**

Press release 75 dated January 28

Dempster McIntosh, Managing Director of the Development Loan Fund, on January 28 signed an agreement by which the United States will lend \$12 million to the Kingdom of Greece to assist in establishing a nitrogenous fertilizer plant, which has been one of the highest priority projects in the Greek Government's development program. Ambassador Alexis S. Liatis signed for his Government. The signing completed action on a transaction approved and announced by the Development Loan Fund last June.

The fertilizer plant will utilize lignite deposits in a little-developed portion of northern Greece. It is expected to provide 1,000 jobs directly at the factory, provide low-cost fertilizer to Greek farmers, and save imports valued at about \$15 million a year in foreign exchange.

The same lignite deposits will furnish fuel for a thermal power plant being built by the Public Service Corp. of Greece, which will provide power for the fertilizer plant.

Capacity of the fertilizer plant is estimated at 278 tons per day of fixed nitrogen, or 300,000 tons per year of finished nitrogen-based fertilizers—enough to meet Greece's immediate needs for such fertilizer. At present virtually all of Greece's fixed nitrogen has to be imported.

The loan is the first to be made by the DLF to Greece. It will be repayable in Greek currency over a period of 12 years, and it will provide more than 40 percent of the foreign-exchange cost of the fertilizer plant. The bulk of the remaining foreign-exchange financing is to be obtained from European credit sources.

## Scientific Group Undertakes Study To Aid Development of Africa

Press release 80 dated January 29

A study of ways in which science and technology can most effectively be used by the International Cooperation Administration in its programs of assistance in sub-Saharan Africa has been undertaken by the National Academy of Sciences.

J. George Harrar, director of agriculture of the Rockefeller Foundation, is executive director of the study and is undertaking a survey with a 5-week tour of African nations and dependent territories, commencing in early February.

Accompanying Dr. Harrar on the survey will be John M. Weir, associate director, Tropical Medicine and Public Health Division, Rockefeller Foundation, and John McKelvy, an assistant director for agriculture of the Rockefeller Foundation. Their itinerary is scheduled to begin at Accra, Ghana, on February 2, and will include Nigeria, the Federation of Rhodesia and Nyasaland, Kenya, Ethiopia, and the Sudan.

Drs. Harrar and Weir accompanied ICA Director James H. Smith, Jr., and Assistant Secretary of State for African Affairs Joseph C. Satterthwaite on a tour of Africa in November.

As executive director of the NAS survey, Dr. Harrar will be assisted in the factfinding study by a number of specialists who have special competence and personal experience in the region under consideration. Their studies will embrace the fields of the natural sciences, public health, medicine, agriculture, engineering, and broad aspects of education.

With the emergence of newly independent nations in Africa and the accelerating movement of now dependent territories toward independence, the economic development of this area is becoming more and more a vital problem and challenge, ICA officials pointed out. It is hoped that application of proven scientific and technical methods and techniques in the countries of sub-Saharan Africa will provide a significant potential for the economic development of the region, complementing ICA-financed programs and other external sources of assistance.

A report of the findings of the NAS study is to be submitted to ICA in June of this year.

Appointed by the National Academy of Sciences as a steering committee to provide general guid-

ance to Executive Director Harrar are W. Albert Noyes, Jr. (*chairman*), professor of chemistry, University of Rochester; William O. Brown, director, African Research and Studies Program, Boston University; Solomon C. Hollister, dean, College of Engineering, Cornell University; C. W. de Kiewiet, president, University of Rochester; Robert F. Loeb, professor of medicine, Columbia University College of Physicians and Surgeons; William I. Myers, dean, College of Agriculture, Cornell University; Thomas Parran, president, Avalon Foundation; Frederick D. Patterson, director, Phelps-Stokes Foundation; H. P. Robertson (*ex officio*), professor of mathematical physics, California Institute of Technology, Foreign Secretary of NAS.

## U.S. Grants Grain to Jordan

Press release 53 dated January 21

The United States on January 21 granted to the Kingdom of Jordan 10,000 tons of wheat and 20,000 tons of livestock feed to help meet the shortages resulting from severe and prolonged drought.

The grain, which was requested by the Government of Jordan, was made available under provisions of title II of the Agricultural Trade Development and Assistance Act (P.L. 480). This title authorizes use of surplus U.S. agricultural commodities for emergency relief purposes. The agreement was signed for the Government of Jordan by the Jordanian Ambassador, Midhat Jum'a.

The wheat will be used for direct relief. The feed grains, 10,000 tons of barley and 10,000 tons of sorghums, will be distributed free as livestock feed.

The wheat is to be shipped as soon as possible, with 5,000 tons each of the barley and grain sorghums to follow about 2 weeks later. The remainder of the livestock feed will be shipped as required by Jordan.

## Grain for Drought Victims in Yemen

Press release 78 dated January 29

At the request of the Government of Yemen, the United States concluded an agreement on January 28 to ship immediately 15,000 tons of food grains to aid victims of a severe drought and a resultant famine in Yemen.

The grain is being made available under provisions of title II of the Agricultural Trade Development and Assistance Act (P.L. 480). This title authorizes use of surplus U.S. agricultural commodities for emergency relief purposes.

The grain will come from stocks of the Commodity Credit Corporation and will be provided to Yemen on a grant basis through the International Cooperation Administration, which administers title II of P.L. 480.

## U.S. Lends Liberia \$3 Million for Telecommunication Facilities

Press release 84 dated January 30

The United States and the Republic of Liberia on January 30 signed an agreement by which the United States will lend up to \$3 million from the Development Loan Fund to help finance the renovation, repair, and extension of telecommunication facilities in Liberia. Dempster McIntosh, Managing Director of the Development Loan Fund, signed the agreement for the United States. Ambassador George A. Padmore signed for the Republic of Liberia.

The loan will make possible the provision of adequate telephone, telegraph, teletype, and other services between the Liberian capital city of Monrovia and county and provincial centers and telephone services within the communities that are interconnected.

Mr. McIntosh said that as Liberia moves forward in the development of its rich natural resources it becomes more and more dependent on an adequate communications system. A small start has been made in the past, but it is inadequate. The present limited facilities in the country include four separate systems that are not interconnected. Three of these are private company services, and the other is a government system in Monrovia. It is planned to interconnect these systems and extend the services to other parts of the country.

The DLF loan will help set up a coordinated and expanded system to meet the basic needs of the country. The plan also contemplates improved and expanded international radiotelegraph and radiotelephone facilities and possibly radio aids to aerial navigation.

The loan will bear interest at 3½ percent and will be repayable in 25 years in U.S. dollars.

## U.S.-Euratom Joint Program

*Statement by Under Secretary Dillon<sup>1</sup>*

The President's message to the Congress of June 23<sup>2</sup> and my statement before this committee on July 22<sup>3</sup> outlined the political objectives which the joint U.S.-EURATOM program was intended to serve. These statements identified the European Atomic Energy Community as an integral part of the movement on the continent of Europe designed to create new unity and strength at the heart of the Atlantic Community. Some of the members of this committee had the opportunity in September to view at first hand the operations of the European communities—the European Economic and Coal and Steel Communities, as well as EURATOM—and talk informally with the eminent leaders who are shaping the futures of these institutions. I think that all of us who have had occasion to witness these developments are impressed with the dynamism of the ideal and the tremendous drive of the forces being set in motion by this political movement. It proves, I believe, the basic thesis underlying the support which both the legislative and executive branches have expressed for European integration. The modest beginnings represented by the first actions of these new communities have already led to results hardly foreseeable a year ago.

Before turning to specific EURATOM activities and the status of our joint efforts, I would like for a moment to refer to the recent actions in the economic field by this group of European states which I believe are real milestones in free-world economic development. On January 1 the six members of the European communities took the first steps to remove trade barriers in a program to forge economic unity. On December 27 these European states, together with Great Britain and other European countries, responded

<sup>1</sup> Made before the Joint Committee on Atomic Energy on Jan. 22 (press release 56).

<sup>2</sup> For text, see BULLETIN of July 14, 1958, p. 72.

<sup>3</sup> *Ibid.*, Aug. 11, 1958, p. 247.

to the challenge of a changing world economic situation and took significant steps toward full currency convertibility and toward freer trade and expanding economic activity. At the same time France initiated a bold program of economic reforms in part to prepare herself for the challenge of increased competition represented by the Common Market. Moreover, despite certain problems which have arisen in establishing a pattern for future economic cooperation between the European communities and the 11 other members of the Organization for European Economic Cooperation, we are hopeful that the important new economic developments I have just summarized will facilitate solutions for these problems. In summary, recent actions taken by the European communities and their European partners are welcomed by this Government as signs of real strength in Europe. The creation of expanding markets in Europe is certain to bring benefits not only to the participants but to all the free-world nations.

Mr. Floberg<sup>4</sup> has mentioned several of the achievements of EURATOM in the period since last summer. I would like to add further details on several of these actions.

The Supply Agency statutes have been approved by the Council of Ministers, and this important institution of the Community should begin shortly to assume its functions of insuring the supply of all ores, raw materials, and special fissionable materials as provided in the treaty. Basic health and safety standards for the Community have also been approved.

In the foreign relations field, EURATOM and Great Britain will soon sign a bilateral agreement providing the framework for future cooperation. It is similar to our normal bilateral agreements in that it deals generally with cooperation in the peaceful uses of atomic energy, exchanging information, and methods for transferring fuel. It also treats the safeguard problem along lines similar to those followed in our joint program. It does not, however, provide for joint research or development projects. EURATOM is also continuing its close cooperation with the OEEC atomic program.

In connection specifically with the U.S.-EURATOM program, the Community has just

<sup>4</sup> John F. Floberg, member, U.S. Atomic Energy Commission.

received for its action a proposal on third-party liability and has already taken action to minimize the impact of tariffs. On the latter point, since Mr. Floberg did not elaborate on the tariff actions of the Community, the situation is as follows:

On January 1, 1959, the six member governments, on the recommendation of the EURATOM Commission, fixed the common external tariff of the six countries on nuclear products coming from third countries. (At the same time, the member states in accordance with the EURATOM treaty eliminated all tariffs on trade in nuclear products among the six members of EURATOM.) Major action toward third countries is the establishment of a 10 percent duty on nuclear reactors and parts with a suspension of the collection of this duty for a period of 3 years.

There was considerable debate on this action among the governments of the member states. In the countries with relatively advanced industrial potential in the nuclear field, there were pressures to protect these industries from outside competition by higher tariffs. The final decision to reject this approach was taken by the governments with the realization that their basic long-term interests were better served by improving the technique of nuclear reactor development as quickly as possible and reducing the costs of producing nuclear power as much as possible. This, of course, was one of the underlying assumptions of the joint U.S.-EURATOM program.

Finally I would like to describe briefly the current status of loan negotiations between EURATOM and the Export-Import Bank.

The Board of Directors of the Export-Import Bank has authorized the establishment of a line of credit not to exceed \$135 million to EURATOM to assist in financing the purchase of United States-type nuclear reactors to be installed in nuclear power plants, including initial fuel fabrication and engineering services. The Export-Import Bank credit will be available to EURATOM for loaning on a case-by-case basis with the prior approval of Eximbank for installations in nuclear power plants located within the EURATOM countries, i.e. Belgium, France, Germany, Italy, Luxembourg, and the Netherlands.

EURATOM has been informed of this authorization. It has also been informed, however, that the line of credit will not be established until the agreement for cooperation between the United



States and EURATOM signed in Brussels on November 8, 1958,<sup>5</sup> comes into effect.

Allocations under the line of credit to finance projects, selected jointly by the United States Atomic Energy Commission and EURATOM, will be made by the bank upon the fulfillment of specific terms and conditions, among them:

1. The bank must be satisfied that the enterprise selected will have available from other sources such additional financing as is necessary to complete the project.

2. The bank must be satisfied with the terms and conditions of the loan from EURATOM to the enterprise, including security therefor.

3. Obligations issued by enterprises to EURATOM, in evidence of their indebtedness to it, together with security for such obligations, must be pledged for the benefit of the bank in a manner satisfactory to it.

The proposed credit, which will bear interest at the rate of 4½ percent per annum on outstanding balances, is to be amortized over a 15-year period, following completion of construction of the respective projects.

With regard to future relations between EURATOM and the United States, the Atomic Energy Commission and the Department of State have under consideration the question of negotiating an overall bilateral agreement with EURATOM which would comprehend the provisions of existing bilaterals into a single agreement. Our present bilaterals, as well as the EURATOM treaty and the agreement for cooperation now before this committee, all envisage that this will be done. I expect that talks with EURATOM will begin some time this spring and that the negotiation of such an agreement could be completed before the end of this session of the Congress.

In closing I would like to state that the congressional action of last summer was an indispensable element in moving ahead with the program. In Europe it was viewed as confirmation of our intent to proceed with this joint endeavor. I am told that following passage of the EURATOM Cooperation Act<sup>6</sup> European utilities and business firms began making serious plans for participation in the program. This alone may have saved us many months in the development of contacts between

European and American industries which is essential to the success of this program. With the entry into force of the agreement for cooperation I believe that we can look forward to substantial further progress.

## Congressional Documents Relating to Foreign Policy

### 85th Congress, 1st Session

The Right to Travel. Hearing before the Subcommittee on Constitutional Rights of the Senate Committee on the Judiciary pursuant to S. Res. 49 as extended by S. Res. 234 of the 85th Congress, 2d session. A survey of the extent to which Constitutional rights are being respected in the issuance, limitation of use, denial, and revocation of American passports. Part 2, April 4, 1957. 613 pp.

### 85th Congress, 2d Session

Proposed EURATOM Agreements. Index to hearings before the Joint Committee on Atomic Energy on the proposed EURATOM agreements and legislation to carry out the proposed cooperative program July 22-August 13, 1958. Part 3. 20 pp.

Thirty-ninth Report to Congress on Lend-Lease Operations. Message from the President of the United States transmitting the thirty-ninth report to Congress on lend-lease operations for the year ending December 31, 1957. H. Doc. 449. 33 pp.

Private Foreign Investment. Hearings before the Subcommittee on Foreign Trade Policy of the House Committee on Ways and Means December 1-5, 1958. 649 pp.

International Cooperation in the Exploration of Space. Report of the Select Committee on Astronautics and Space Exploration. H. Rept. 2709. January 3, 1959. 16 pp.

The United States and Outer Space. Report of the Select Committee on Astronautics and Space Explorations. H. Rept. 2710. January 3, 1959. 41 pp.

### 86th Congress, 1st Session

The State of the Union. Address of the President of the United States delivered before a joint session of the Senate and the House of Representatives relative to the state of the Union. H. Doc. 1. January 9, 1959. 11 pp.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Property

Convention of Paris for the protection of industrial property of March 20, 1883 (TS 379), revised at Brussels December 14, 1900 (TS 411), at Washington June 2,

<sup>5</sup> For text, see BULLETIN of Jan. 12, 1959, p. 69.

<sup>6</sup> Public Law 85-846.

1911 (TS 579), at The Hague November 6, 1925 (TS 834), at London June 2, 1934 (TS 941), and at Lisbon October 31, 1958.<sup>1</sup> Done at Lisbon October 31, 1958. Enters into force June 1, 1963; if ratified by six countries prior to this date it will enter into force for those countries 1 month after the notification of the deposit of the sixth ratification. The present convention replaces previous revising conventions as between contracting parties.

**Signatures:** Austria, Belgium, Brazil, Cuba, Denmark, Finland, France, Federal Republic of Germany, Hungary, Ireland, Israel, Italy, Japan, Liberia, Liechtenstein, Luxembourg, Monaco, Morocco, Netherlands, New Zealand, Norway, Poland, Portugal, Federation of Rhodesia and Nyasaland, Rumania, Spain, Sweden, Switzerland, United Kingdom, United States, Yugoslavia, October 31, 1958.

## BILATERAL

### Austria

Agreement regarding the return of Austrian property, rights and interests. Signed at Washington January 30, 1959. Enters into force on the date of exchange of ratifications.

### Ecuador

Agreement amending memorandum of understanding to the agricultural commodities agreement of June 30, 1958 (TIAS 4105). Effected by exchange of notes at Quito December 9 and 12, 1958. Entered into force December 12, 1958.

### Japan

Agreement amending the air transport agreement of August 11, 1952, as amended (TIAS 2854). Effected by exchange of notes at Tokyo January 14, 1959. Entered into force January 14, 1959.

## DEPARTMENT AND FOREIGN SERVICE

### Confirmations

The Senate on January 28 confirmed the following nominations:

John O. Bell to be Special Assistant for Mutual Security Coordination.

Lampton Berry to be Ambassador to Ceylon.

James C. H. Bonbright to be Ambassador to Sweden.

Henry A. Byroade to be Ambassador to Afghanistan.

C. Burke Elbrick to be Ambassador to Portugal.

John D. Jernegan to be Ambassador to the Republic of Iraq.

Livingston T. Merchant to be an Assistant Secretary of State.

Leonard J. Saccio to be Deputy Director of the International Cooperation Administration in the Department of State.

Richard B. Wigglesworth to be Ambassador to Canada.

<sup>1</sup> Not in force.

## Designations

Donald G. MacDonald as Executive Secretary of the International Cooperation Administration, effective January 25. (For biographic details, see Department of State press release 66 dated January 26.)

## New Consular District for Muscat

Effective December 20, 1958, the consular district for Muscat is the Sultanate of Muscat and Oman (including Dhofar). This new district, formerly under the informal jurisdiction of the consulate general at Dhahran, Saudi Arabia, will be covered by an American officer resident at Aden.

## Check List of Department of State Press Releases: January 26-February 1

Press releases may be obtained from the News Division, Department of State, Washington 25, D.C.

Releases issued prior to January 26 which appear in this issue of the BULLETIN are Nos. 53 of January 21, 56 of January 22, and 62 of January 24.

No.	Date	Subject
*64	1/26	Libya credentials.
65	1/26	Dillon: "Realities of Soviet Foreign Economic Policies."
*66	1/26	MacDonald named ICA executive secretary (biographic details).
67	1/26	Meeting of Secretary Dulles and Pote Sarasin (rewrite).
*68	1/26	Educational exchange (Pakistan, Denmark, Norway, Sweden).
*69	1/27	Mexico credentials.
70	1/27	Dulles: news conference.
71	1/28	Dulles: House Foreign Affairs Committee.
†72	1/28	Becker: New York State Bar Association.
*73	1/28	Semiannual report on mutual security.
*74	1/28	Educational exchange (Japan).
75	1/28	DLF loan to Greece.
76	1/29	U.S.-Canada statement on Columbia River Basin.
*77	1/29	Educational exchange (Chile).
78	1/29	Food grains to Yemen.
*79	1/29	Educational exchange (Argentina).
80	1/29	Study of science and technology in African development.
81	1/30	Return of Austrian property, rights and interests.
82	1/30	GATT consultations on import restrictions.
83	1/30	Dulles: statement regarding Senator Green.
84	1/30	DLF loan to Liberia.
†86	1/31	Dulles: "The Role of Law in Peace."

\*Not printed.

†Held for a later issue of the BULLETIN.

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